

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 001-35231

MITEK SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

**600 B Street, Suite 100
San Diego, California**

(Address of Principal Executive Offices)

87-0418827

(I.R.S. Employer
Identification No.)

92101

(Zip Code)

(619) 269-6800

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 33,373,079 shares of the registrant's common stock outstanding as of May 1, 2017.

MITEK SYSTEMS, INC.
FORM 10-Q
For The Quarterly Period Ended March 31, 2017

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**PART I
FINANCIAL INFORMATION**

ITEM 1. FINANCIAL STATEMENTS.

**MITEK SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS**
(amounts in thousands except share data)

	March 31, 2017 (Unaudited)	September 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,959	\$ 9,010
Short-term investments	23,051	24,863
Accounts receivable, net	5,104	4,949
Other current assets	1,130	1,485
Total current assets	42,244	40,307
Long-term investments	3,896	1,952
Property and equipment, net	474	440
Intangible assets, net	2,363	2,783
Goodwill	2,725	2,863
Other non-current assets	62	40
Total assets	<u>\$ 51,764</u>	<u>\$ 48,385</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,820	\$ 1,318
Accrued payroll and related taxes	2,370	3,263
Deferred revenue, current portion	3,677	3,391
Other current liabilities	348	355
Total current liabilities	8,215	8,327
Deferred revenue, non-current portion	51	259
Other non-current liabilities	686	314
Total liabilities	<u>8,952</u>	<u>8,900</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value, 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value, 60,000,000 shares authorized, 33,324,328 and 32,781,704 issued and outstanding, as of March 31, 2017 and September 30, 2016, respectively	33	33
Additional paid-in capital	74,067	71,036
Accumulated other comprehensive loss	(356)	(42)
Accumulated deficit	(30,932)	(31,542)
Total stockholders' equity	42,812	39,485
Total liabilities and stockholders' equity	<u>\$ 51,764</u>	<u>\$ 48,385</u>

The accompanying notes form an integral part of these consolidated financial statements.

MITEK SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME
(Unaudited)
(amounts in thousands except for share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
Revenue				
Software	\$ 7,797	\$ 5,556	\$ 13,780	\$ 10,286
SaaS, maintenance and consulting	3,622	2,966	6,908	5,640
Total revenue	11,419	8,522	20,688	15,926
Operating costs and expenses				
Cost of revenue-software	154	132	368	522
Cost of revenue-SaaS, maintenance and consulting	676	588	1,353	1,140
Selling and marketing	3,704	2,553	7,542	5,016
Research and development	2,401	1,813	4,852	3,520
General and administrative	2,742	2,264	4,985	4,355
Acquisition-related costs and expenses	518	541	1,036	1,084
Total operating costs and expenses	10,195	7,891	20,136	15,637
Operating income	1,224	631	552	289
Other income, net	67	30	132	66
Income before income taxes	1,291	661	684	355
Income tax provision	(74)	(79)	(74)	(95)
Net income	\$ 1,217	\$ 582	\$ 610	\$ 260
Net income per share – basic	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.01
Net income per share – diluted	\$ 0.03	\$ 0.02	\$ 0.02	\$ 0.01
Shares used in calculating net income per share – basic	32,786,079	31,325,577	32,581,988	31,214,325
Shares used in calculating net income per share – diluted	34,815,304	33,133,920	34,818,392	32,625,526
Other comprehensive income:				
Net income	\$ 1,217	\$ 582	\$ 610	\$ 260
Foreign currency translation adjustment	74	1	(296)	(129)
Unrealized gain (loss) on investments	3	27	(18)	7
Other comprehensive income	\$ 1,294	\$ 610	\$ 296	\$ 138

The accompanying notes form an integral part of these consolidated financial statements.

MITEK SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(amounts in thousands)

	Six Months Ended March 31,	
	2017	2016
Operating activities:		
Net income	\$ 610	\$ 260
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	2,308	2,161
Amortization of closing and earnout shares	752	779
Amortization of intangible assets	287	298
Depreciation and amortization	216	218
Accretion and amortization on debt securities	16	114
Changes in assets and liabilities:		
Accounts receivable	(181)	1,439
Other assets	325	(242)
Accounts payable	510	69
Accrued payroll and related taxes	(875)	(111)
Deferred revenue	90	260
Other liabilities	314	(56)
Net cash provided by operating activities	4,372	5,189
Investing activities:		
Purchases of investments	(12,317)	(14,472)
Sales and maturities of investments	12,150	19,599
Purchases of property and equipment	(254)	(111)
Net cash provided by (used in) investing activities	(421)	5,016
Financing activities:		
Proceeds from exercise of stock options, net	30	313
Principal payments on capital lease obligations	—	(11)
Net cash provided by financing activities	30	302
Foreign currency effect on cash and cash equivalents	(32)	(34)
Net increase in cash and cash equivalents	3,949	10,473
Cash and cash equivalents at beginning of period	9,010	2,753
Cash and cash equivalents at end of period	\$ 12,959	\$ 13,226
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ —	\$ 2
Cash paid for income taxes	\$ 36	\$ 74
Supplemental disclosures of non-cash investing and financing activities:		
Unrealized holding gain (loss) on available-for-sale investments	\$ (18)	\$ 7

The accompanying notes form an integral part of these consolidated financial statements

MITEK SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mitek Systems, Inc. ("Mitek" or the "Company") is a global provider of mobile capture and identity verification software solutions for enterprises. Mitek currently serves approximately 5,600 financial services organizations and leading brands across the globe. The Company's solutions are embedded in native mobile apps and mobile optimized websites to facilitate better mobile user experiences and compliant transactions.

Mitek invented Mobile Deposit® which is used today by millions of consumers in the U.S. and Canada for mobile check deposit. Following the success of Mobile Deposit®, Mitek has introduced a multi-check capture solution that enables businesses to deposit multiple checks in one batch using a mobile device.

Mitek is also applying its mobile and imaging expertise to digital identity verification globally. Mitek's image based identity verification product, Mobile Verify™, is empowering the digital transformation of companies operating in highly regulated markets by enabling them to identify the individuals with whom they are conducting business. Identity verification is mandatory to comply with many governmental Know Your Customer and Anti-Money Laundering regulatory requirements around the globe.

Mitek's identity verification technology has been selected for use with digital/mobile on-boarding and user re-authentication, as well as by money transmitters, when irregular activity is suspected. While the Company's solutions are primarily used in financial services (banks, credit unions, lenders, payments processors, card issuers, insurers, etc.) Mitek is also seeing adoption by telecommunications, healthcare, travel, retail, sharing economy companies and more.

Mitek markets and sells its products and services worldwide through internal, direct sales teams located in the U.S. and Europe as well as through channel partners. The Company's direct sales strategy concentrates on large financial services organizations and medium sized companies. The Company's partner sales strategy includes channel partners who are financial services technology providers. These partners integrate Mitek's products into their solutions to meet the needs of their customers. The majority of revenue is derived from software licenses with increasing revenues from software as a service ("SaaS") contracts.

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company as of March 31, 2017 have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and, accordingly, they do not include all information and footnote disclosures required by accounting principles generally accepted in the U.S. ("GAAP"). The Company believes the footnotes and other disclosures made in the financial statements are adequate for a fair presentation of the results of the interim periods presented. The financial statements include all adjustments (solely of a normal recurring nature) which are, in the opinion of management, necessary to make the information presented not misleading. You should read these financial statements and the accompanying notes in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2016, filed with the U.S. Securities and Exchange Commission on December 9, 2016.

Results for the three and six months ended March 31, 2017 are not necessarily indicative of results for any other interim period or for a full fiscal year.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Foreign Currency

The Company's foreign subsidiaries operate and sell the Company's products and services in various countries and jurisdictions around the world. As a result, the Company is exposed to foreign currency exchange risks. For those subsidiaries whose functional currency is not the U.S. dollar, assets and liabilities are translated into U.S. dollar equivalents at the exchange rate in effect on the balance sheet date and revenues and expenses are translated into U.S. dollars using the average exchange rate over the period. Resulting currency translation adjustments are recorded in accumulated other comprehensive income (loss) in the Consolidated Balance Sheets. The Company recorded net gains resulting from foreign exchange translation of \$74,000 and \$1,000 for the three months ended March 31, 2017 and 2016, respectively. The Company recorded net losses

resulting from foreign exchange translation of \$296,000 and \$129,000 for the six months ended March 31, 2017 and 2016, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, management reviews its estimates based upon currently available information. Actual results could differ materially from those estimates. These estimates include, but are not limited to, assessing the collectability of accounts receivable, estimation of the value of stock-based compensation awards, fair value of assets and liabilities acquired, impairment of goodwill, useful lives of intangible assets, vendor specific objective evidence (“VSOE”) of fair value related to revenue recognition, contingent consideration and income taxes.

Goodwill and Purchased Intangible Assets

Goodwill resulted from the acquisition of IDChecker (as defined below) in fiscal year 2015. Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested for impairment at least annually or as circumstances indicate that their value may no longer be recoverable. In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 350, *Intangibles—Goodwill and Other* (“ASC 350”), the Company reviews the goodwill and indefinite-lived intangible asset for impairment at least annually in the fourth fiscal quarter and more frequently if events or changes in circumstances occur that indicate a potential reduction in the fair value of the reporting unit and/or the indefinite-lived intangible asset below their respective carrying values. Examples of such events or circumstances include: a significant adverse change in legal factors or in the business climate, a significant decline in the stock price, a significant decline in projected revenue or cash flows, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, or the presence of other indicators that would indicate a reduction in the fair value of a reporting unit.

Goodwill is considered to be impaired if the Company determines that the carrying value of the reporting unit to which the goodwill has been assigned exceeds management’s estimate of its fair value. Based on the guidance provided by ASC 350 and FASB ASC Topic 280, *Segment Reporting*, management has determined that the Company operates in one segment and consists of one reporting unit given the similarities in economic characteristics between operations and the common nature of the products, services and customers. As the Company has only one reporting unit, and because the Company is publicly traded, the Company determines the fair value of the reporting unit based on market capitalization as this represents the best evidence of fair value. The Company assesses goodwill and intangible assets for impairment using fair value measurement techniques on an annual basis during the fourth quarter of the year, or more frequently if indicators of impairment exist. An interim goodwill test is performed when it is more likely than not that the fair value of a reporting unit is less than the carrying amount.

Intangible assets are amortized over their useful lives. Each period, the Company evaluates the estimated remaining useful life of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization. The carrying amounts of these assets are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate. The carrying amount of such assets is reduced to fair value if the undiscounted cash flows used in the test for recoverability are less than the carrying amount of such assets.

Net Income Per Share

The Company calculates net income per share in accordance with FASB ASC Topic 260, *Earnings per Share*. Basic net income per share is based on the weighted average number of common shares outstanding during the period. Diluted net income per share also gives effect to all potentially dilutive securities outstanding during the period, such as options and restricted stock units (“RSUs”), if dilutive. In a period with a net loss position, potentially dilutive securities are not included in the computation of diluted net loss because to do so would be antidilutive, and the number of shares used to calculate basic and diluted net loss is the same.

For the three and six months ended March 31, 2017 and 2016, the following potentially dilutive common shares were excluded from the calculation of net income per share, as they would have been antidilutive:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
Stock options	707,284	1,013,306	680,028	997,991
RSUs	107,000	25,979	107,000	—
IDchecker closing shares	91,054	415,611	88,453	466,980
IDchecker earnout shares	73,835	—	71,725	—
Total potentially dilutive common shares outstanding	979,173	1,454,896	947,206	1,464,971

The calculation of basic and diluted net loss per share is as follows (amounts in thousands, except share data):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
Net income	\$ 1,217	\$ 582	\$ 610	\$ 260
Weighted-averages shares outstanding – basic	32,786,079	31,325,577	32,581,988	31,214,325
Common stock equivalents	2,029,225	1,808,343	2,236,404	1,411,201
Weighted-averages shares outstanding – diluted	34,815,304	33,133,920	34,818,392	32,625,526
Net income per share:				
Basic	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.01
Diluted	\$ 0.03	\$ 0.02	\$ 0.02	\$ 0.01

Revenue Recognition

Revenue from sales of software licenses sold through direct and indirect channels is recognized upon shipment of the related product, if the requirements of FASB ASC Topic 985-605, *Software Revenue Recognition* (“ASC 985-605”) are met, including evidence of an arrangement, delivery, fixed or determinable fee, collectability and VSOE of the fair value of the undelivered element. If the requirements of ASC 985-605 are not met at the date of shipment, revenue is not recognized until such elements are known or resolved. Revenue from customer support services, or maintenance revenue, includes post-contract support and the rights to unspecified upgrades and enhancements. VSOE of fair value for customer support services is determined by reference to the price the customer pays for such element when sold separately; that is, the renewal rate offered to customers. In those instances, when objective and reliable evidence of fair value exists for the undelivered items but not for the delivered items, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of arrangement consideration allocated to the delivered items equals the total arrangement consideration less the aggregate fair value of the undelivered items. Revenue from post-contract customer support is recognized ratably over the term of the contract. Certain customers have agreements that provide for usage fees above fixed minimums. Usage fees above fixed minimums are recognized as revenue when such amounts are reasonably estimable and billable. Revenue from professional services is recognized when such services are delivered. When a software sales arrangement requires professional services related to significant production, modification or customization of software, or when a customer considers professional services essential to the functionality of the software product, revenue is recognized based on predetermined milestone objectives required to complete the project, as those milestone objectives are deemed to be substantive in relation to the work performed. Any expected losses on contracts in progress are recorded in the period in which the losses become probable and reasonably estimable.

The Company provides hosting services that give customers access to software that resides on Company servers. The Company’s model typically includes an up-front fee and a monthly commitment from the customer that commences upon completion of the implementation through the remainder of the customer life. The up-front fee is the initial setup fee, or the implementation fee. The monthly commitment includes, but is not limited to, a fixed monthly fee or a transactional fee based on system usage that exceeds monthly minimums. If the up-front fee does not have standalone value, revenue is deferred until the date the customer commences use of the Company’s services, at which point the up-front fees are recognized ratably over the life of the customer arrangement. If the up-front fee has standalone value, revenue is deferred until the work has been performed. In determining whether professional services have standalone value, the Company considers the following factors for each customer arrangement: availability of the services from other vendors, the nature of the professional services, the timing of when the professional services contract was signed in comparison to the subscription service start date and the contractual dependence of the subscription service on the customer’s satisfaction with the professional services work.

Investments

Investments consist of corporate notes and bonds, and commercial paper. The Company classifies investments as available-for-sale at the time of purchase and reevaluates such classification as of each balance sheet date. All investments are recorded at estimated fair value. Unrealized gains and losses for available-for-sale securities are included in accumulated other comprehensive income, a component of stockholders' equity. The Company evaluates its investments to assess whether those with unrealized loss positions are other-than-temporarily impaired. Impairments are considered to be other-than-temporary if they are related to deterioration in credit risk or if it is likely that the Company will sell the securities before the recovery of its cost basis. Realized gains and losses and declines in value judged to be other-than-temporary are determined based on the specific identification method and are reported in other income, net in the Statements of Operations and Other Comprehensive Loss. No other-than-temporary impairment charges were recognized in the three and six months ended March 31, 2017 or 2016.

All investments whose maturity or sale is expected within one year are classified as "current" on the Consolidated Balance Sheets. All other securities are classified as "long-term" on the Consolidated Balance Sheets.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the net invoice value and are not interest bearing. The Company considers receivables past due based on the contractual payment terms. Allowances for doubtful accounts are established based on various factors, including credit profiles of the Company's customers, contractual terms and conditions, historical payments, and current economic trends. The Company reviews its allowances by assessing individual accounts receivable over a specific aging and amount. Accounts receivable are written off on a case-by-case basis, net of any amounts that may be collected. The Company maintained an allowance for doubtful accounts of \$43,000 and \$35,000 as of March 31, 2017 and September 30, 2016, respectively.

Capitalized Software Development Costs

Costs incurred for the development of software that will be sold, leased or otherwise marketed are capitalized when technological feasibility has been established. Software development costs consist primarily of compensation of development personnel and related overhead incurred to develop new products and upgrade and enhance the Company's current products, as well as fees paid to outside consultants. Capitalization of software development costs ceases and amortization of capitalized software development costs commences when the products are available for general release. For the three and six months ended March 31, 2017 and 2016, no software development costs were capitalized because the time period and costs incurred between technological feasibility and general release for all software product releases were not material or were not realizable.

Guarantees

In the ordinary course of business, the Company is not subject to potential obligations under guarantees that fall within the scope of FASB ASC Topic 460, *Guarantees* ("ASC 460"), except for standard indemnification and warranty provisions that are contained within many of the Company's customer license and service agreements and certain supplier agreements, and give rise only to the disclosure requirements prescribed by ASC 460. Indemnification and warranty provisions contained within the Company's customer license and service agreements and certain supplier agreements are generally consistent with those prevalent in the Company's industry. The Company has not previously incurred significant costs to settle claims or pay awards under these indemnification or warranty obligations. The Company accounts for these obligations in accordance with FASB ASC Topic 450, *Contingencies* ("ASC 450"), and records a liability for these obligations when a loss is probable and reasonably estimable. The Company has not recorded any liabilities for these obligations as of March 31, 2017 or September 30, 2016.

Fair Value of Equity Instruments

The fair value of equity instruments involves significant estimates based on underlying assumptions made by management. The fair value for purchase rights under the Company's equity plans is measured at the grant date using a Black-Scholes valuation model, which involves estimates of stock volatility, expected life of the instruments and other assumptions, and using the closing price of the Company's common stock on the grant date for RSUs. The fair value of stock-based awards is recognized as an expense over the respective terms of the awards.

Deferred Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities. The Company maintains a valuation allowance against its deferred tax assets due to the uncertainty regarding the future realization of such assets, which is based on historical taxable income, projected future taxable income and the expected timing of the reversals of existing temporary differences. Until such time as the Company can demonstrate that it will no longer incur losses, or if the Company is unable to generate sufficient future taxable income, it could be required to maintain the valuation allowance against its deferred tax assets.

Comprehensive Loss

Comprehensive loss consists of net loss, unrealized gains and losses on available-for-sale securities and foreign currency translation adjustments. Included on the Consolidated Balance Sheets at March 31, 2017 is an accumulated other comprehensive loss of \$356,000, compared to \$42,000 at September 30, 2016, related to the Company's available-for-sale securities and foreign currency translation adjustments.

Recently Adopted Accounting Pronouncements

In September 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments (Topic 805)* ("ASU 2015-16") which eliminates the requirement to restate prior period financial statements for measurement period adjustments. ASU 2015-16 requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. The new standard is effective for interim and annual periods beginning after December 15, 2015 and early adoption is permitted. The Company had adopted the standard prospectively as of October 1, 2016. The adoption of ASU 2015-16 did not have a material impact on the results of operations, financial condition, or cash flows of the Company.

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which eliminates Step 2 of the goodwill impairment test that had required a hypothetical purchase price allocation. Rather, entities should apply the same impairment assessment to all reporting units and recognize an impairment loss for the amount by which a reporting unit's carrying amount exceeds its fair value, without exceeding the total amount of goodwill allocated to that reporting unit. Entities will continue to have the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. ASU 2017-04 will be effective prospectively for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, or those beginning after January 1, 2017 if adopted early. The Company does not expect the adoption of ASU 2017-04 to have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"), which clarifies the definition of a business with the objective of adding guidance and providing a more robust framework to assist reporting organizations with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. For public entities, ASU 2017-01 is effective prospectively for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted for transactions occurring before the issuance or effective date of the standard for which financial statements have not yet been issued. The Company does not expect the adoption of ASU 2017-01 to have a material impact on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory (Topic 740)* ("ASU 2016-16"), which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 is effective for interim and annual reporting periods beginning after December 15, 2017 with early adoption permitted. The Company is currently evaluating the impact ASU 2016-16 will have on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires entities to use a Current Expected Credit Loss model which is a new impairment model based on expected losses rather than incurred losses. Under this model, an entity would recognize an impairment allowance equal to its current estimate of all contractual cash flows that the entity does not expect to collect from financial assets measured at amortized cost. The entity's estimate would consider relevant information about past events, current conditions and reasonable and supportable forecasts. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 31, 2019 with early adoption permitted for annual reporting periods beginning after

December 31, 2018. The Company is currently evaluating the impact ASU 2016-13 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation (Topic 718)* (“ASU 2016-09”), which simplified certain aspects of the accounting for share-based payment transactions, including income taxes, classification of awards and classification in the statement of cash flows. ASU 2016-09 will be effective for the Company beginning in its first quarter of fiscal 2018. The Company is currently evaluating the impact of adopting the new stock compensation standard on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), which modified lease accounting for both lessees and lessors to increase transparency and comparability by recognizing lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and disclosing key information about leasing arrangements. ASU 2016-02 will be effective for the Company beginning in its first quarter of fiscal 2020 and early adoption is permitted. The Company is currently evaluating the timing of its adoption and the impact of adopting the new lease standard on its consolidated financial statements.

In May 2014, the FASB issued guidance codified in FASB ASC Topic 606, *Revenue Recognition – Revenue from Contracts with Customers* (“ASC 606”), which amends the guidance in former ASC 605, *Revenue Recognition*. This accounting standard update will be effective for the Company beginning in the first quarter of fiscal 2019. The Company is currently evaluating the impact of the provisions of ASC 606.

No other new accounting pronouncement issued or effective during the three months ended March 31, 2017 had, or is expected to have, a material impact on the Company’s consolidated financial statements.

2. BUSINESS COMBINATION

On June 17, 2015, the Company completed the acquisition (the “Acquisition”) of IDchecker NL B.V., a company incorporated under the laws of the Netherlands (“IDC NL”), and ID Checker, Inc., a California corporation and wholly owned subsidiary of IDC NL (“IDC Inc.” and together with IDC NL, “IDchecker”), pursuant to a Share Purchase Agreement (the “Share Purchase Agreement”) dated May 26, 2015, by and among the Company, IDC NL, ID Checker Holding B.V. (“Parent”), Stichting Administratiekantoor OPID (together with Parent, the “Sellers”), and the other individuals specified therein. Upon completion of the Acquisition, IDC NL and IDC Inc. became wholly owned subsidiaries of the Company and the transaction has been accounted for as an acquisition of a business. IDchecker is a provider of cloud-based identification document verification services.

Pursuant to the terms of the Share Purchase Agreement, the Company acquired all of the issued and outstanding shares of IDC NL and IDC Inc. At the closing of the Acquisition, the Company paid a purchase price of \$5.9 million, which consisted of (i) a cash payment to the Sellers of \$5.6 million, subject to adjustments for transaction expenses, indebtedness, and working capital adjustments (the “Cash Payment”) and (ii) the forgiveness of the outstanding balance of approximately \$0.3 million on a promissory note issued by the Company to Parent. Approximately \$2.7 million in shares of the Company’s common stock (the “Closing Shares”), par value \$0.001 per share (“Common Stock”), or 712,790 shares, were issued to the Sellers at the closing of the Acquisition. In January 2016, the Company issued 137,306 additional shares (the “Earnout Shares”), to the Sellers for achievement by IDchecker of certain revenue and net income targets for the nine-month period ended September 30, 2015. Additionally, 55,297 Earnout Shares were earned by the Sellers for achievement by IDchecker of certain revenue and net income targets for the twelve-month period ended September 30, 2016. Vesting of both the Closing Shares and Earnout Shares is subject to the continued employment of the founders of IDchecker and such shares are being accounted for as compensation for future services in accordance with FASB ASC Topic 718, *Compensation – Stock Compensation*. For additional information regarding the Closing Shares and Earnout Shares, see Note 5 to the Company’s consolidated financial statements.

Upon the closing of the Acquisition, the Company deposited \$1.8 million of the Cash Payment and 20% of the Closing Shares into an escrow fund to serve as collateral and partial security for working capital adjustments and certain indemnification rights. In January 2016, the Company also deposited 27,461 Earnout Shares into an escrow fund. Additionally, when the Earnout Shares issued in respect of the twelve-month period ended September 30, 2016, 20% of such Earnout Shares will be added to the escrow fund. The escrow fund will be maintained until the date that is 24 months after the Earnout Shares for the twelve-month period ended September 30, 2016 are issued (i.e., approximately May 2019) or until such earlier time as the escrow fund is exhausted.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as part of the Acquisition as of June 17, 2015 (amounts shown in thousands):

	June 17, 2015
Current assets	\$ 620
Property, plant and equipment	42
Intangible assets	3,570
Assets acquired	\$ 4,232
Current liabilities	\$ (476)
Other liabilities	(810)
Liabilities assumed	\$ (1,286)
Fair value of net assets acquired	\$ 2,946
Total consideration paid	5,819
Goodwill before effect in exchange rates as of June 17, 2015	\$ 2,873
Effect of movements in exchange rates as of March 31, 2017	(148)
Goodwill as of March 31, 2017	\$ 2,725

The Company estimated the fair value of identifiable acquisition-related intangible assets primarily based on discounted cash flow projections that will arise from these assets. The Company exercised significant judgment with regard to assumptions used in the determination of fair value such as with respect to discount rates and the determination of the estimated useful lives of the intangible assets, (see Note 4 to the Company's consolidated financial statements). The excess of the purchase price over the fair value of the assets acquired and liabilities assumed was allocated to goodwill. Goodwill in the amount of \$2.9 million was recorded in the Consolidated Balance Sheets at the acquisition date. The goodwill recognized is due to expected synergies and other factors and is not expected to be deductible for income tax purposes.

3. INVESTMENTS

The following table summarizes investments by type of security as of March 31, 2017 (amounts shown in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available-for-sale securities:				
U.S. Treasury, short-term	\$ 10,002	\$ —	\$ (5)	\$ 9,997
Corporate debt securities, short-term	13,062	2	(10)	13,054
U.S. Treasury, long-term	1,399	—	(1)	1,398
Corporate debt securities, long-term	2,498	2	(2)	2,498
Total	\$ 26,961	\$ 4	\$ (18)	\$ 26,947

The following table summarizes investments by type of security as of September 30, 2016 (amounts shown in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available-for-sale securities:				
U.S. Treasury	\$ 12,907	\$ 8	\$ —	\$ 12,915
Corporate debt securities, short-term	11,949	2	(3)	11,948
Corporate debt securities, long-term	1,954	1	(3)	1,952
Total	\$ 26,810	\$ 11	\$ (6)	\$ 26,815

The cost of securities sold is based on the specific identification method. Amortization of premiums, accretion of discounts, interest, dividend income and realized gains and losses are included in investment income.

The Company determines the appropriate designation of investments at the time of purchase and reevaluates such designation as of each balance sheet date. All of the Company's investments are designated as available-for-sale debt securities. As of March 31, 2017 and September 30, 2016, the Company's short-term investments have maturity dates of less than one year from the balance sheet date and the Company's long-term investments have maturity dates of greater than one year from the balance sheet date.

Available-for-sale marketable securities are carried at fair value as determined by quoted market prices for identical or similar assets, with unrealized gains and losses, net of taxes, and reported as a separate component of stockholders' equity. Management reviews the fair value of the portfolio at least monthly, and evaluates individual securities with fair value below amortized cost at the balance sheet date. For debt securities, in order to determine whether impairment is other-than-temporary, management must conclude whether the Company intends to sell the impaired security and whether it is more likely than not that the Company will be required to sell the security before recovering its amortized cost basis. If management intends to sell an impaired debt security or it is more likely than not that the Company will be required to sell the security prior to recovering its amortized cost basis, an other-than-temporary impairment is deemed to have occurred. The amount of an other-than-temporary impairment on debt securities related to a credit loss, or securities that management intends to sell before recovery, is recognized in earnings. The amount of an other-than-temporary impairment on debt securities related to other factors is recorded consistent with changes in the fair value of all other available-for-sale securities as a component of stockholders' equity in other comprehensive income. No other-than-temporary impairment charges were recognized in the three and six months ended March 31, 2017 and 2016.

Fair Value Measurements and Disclosures

FASB ASC Topic 820, *Fair Value Measurements* ("ASC 820") defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on the following three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last, unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities;
- Level 2—Inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables represent the fair value hierarchy of the Company's investments and acquisition-related contingent consideration as of March 31, 2017 and September 30, 2016, respectively (*amounts shown in thousands*):

	Balance	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2017:				
Assets:				
Short-term investments:				
U.S. Treasury	\$ 9,997	\$ 9,997	\$ —	\$ —
Corporate debt securities				
Financial	3,492	—	3,492	—
Industrial	5,867	—	5,867	—
Commercial paper				
Financial	3,695	—	3,695	—
Total short-term investments at fair value	<u>23,051</u>	<u>9,997</u>	<u>13,054</u>	<u>—</u>
Long-term investments:				
U.S. Treasury	1,398	1,398	—	—
Corporate debt securities				
Industrial	2,498	—	2,498	—
Total assets at fair value	<u>\$ 26,947</u>	<u>\$ 11,395</u>	<u>\$ 15,552</u>	<u>\$ —</u>
Liabilities:				
Acquisition-related contingent consideration	311	—	—	311
Total liabilities at fair value	<u>\$ 311</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 311</u>

	Balance	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2016:				
Assets:				
Short-term investments:				
U.S. Treasury	\$ 12,915	\$ 12,915	\$ —	\$ —
Corporate debt securities				
Financial	3,963	—	3,963	—
Industrial	4,445	—	4,445	—
Commercial paper				
Financial	2,843	—	2,843	—
Industrial	697	—	697	—
Total short-term investments at fair value	<u>24,863</u>	<u>12,915</u>	<u>11,948</u>	<u>—</u>
Long-term investments:				
Corporate debt securities				
Financial	502	—	502	—
Industrial	1,450	—	1,450	—
Total assets at fair value	<u>\$ 26,815</u>	<u>\$ 12,915</u>	<u>\$ 13,900</u>	<u>\$ —</u>
Liabilities:				
Acquisition-related contingent consideration	252	—	—	252
Total liabilities at fair value	<u>\$ 252</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 252</u>

Acquisition-related contingent consideration is recorded in other non-current liabilities in the Consolidated Balance Sheets. The following table includes a summary of the contingent consideration measured at fair value using significant unobservable inputs (Level 3) during the six months ended March 31, 2017 (*amounts shown in thousands*):

Balance at September 30, 2016	\$ 252
Expenses recorded due to changes in fair value	147
Issuance of common stock	(88)
Balance at March 31, 2017	<u>\$ 311</u>

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company had goodwill balances of \$2.7 million and \$2.9 million at March 31, 2017 and September 30, 2016, respectively, associated with the acquisition of IDchecker which occurred during fiscal year 2015. For information regarding the acquisition of IDchecker, see Note 2 to the Company's consolidated unaudited financial statements. Goodwill represents the excess of costs over fair value of assets of businesses acquired. Goodwill acquired in a business combination and determined to have an indefinite useful life is not amortized, but instead is tested for impairment at least annually in accordance with ASC 350.

Intangible assets

Intangible assets include the value assigned to purchased completed technology, customer relationships, and trade names. The estimated useful lives for all of these intangible assets range from five to six years. Intangible assets as of March 31, 2017 are summarized as follows (*amounts shown in thousands, except for years*):

	Weighted Average Amortization Period	Cost	Accumulated Amortization	Net
Completed technologies	6 years	\$ 2,370	\$ 793	\$ 1,577
Customer relationships	6 years	970	324	646
Trade names	5 years	230	90	140
Total intangible assets		\$ 3,570	\$ 1,207	\$ 2,363

Amortization expense related to acquired intangible assets was \$144,000 and \$149,000 for the three months ended March 31, 2017 and 2016, respectively, and \$287,000 and \$298,000 for the six months ended March 31, 2017 and 2016, respectively, and is recorded within acquisition-related costs and expenses on the Consolidated Statements of Operations and Other Comprehensive Loss.

The estimated future amortization expense related to intangible assets for each of the five succeeding fiscal years is expected to be as follows (*amounts shown in thousands*):

	Estimated Future Amortization Expense
2017 (remaining six months)	\$ 286
2018	572
2019	572
2020	559
2021	374
Total	\$ 2,363

5. STOCKHOLDERS' EQUITY

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense related to stock options and RSUs, which was allocated as follows (*amounts shown in thousands*):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
Cost of revenue	\$ 47	\$ 10	\$ 87	\$ 10
Sales and marketing	360	287	674	530
Research and development	239	162	452	342
General and administrative	577	713	1,095	1,279
Stock-based compensation expense included in expenses	\$ 1,223	\$ 1,172	\$ 2,308	\$ 2,161

The fair value calculations for stock-based compensation awards to employees for the six months ended March 31, 2017 and 2016 were based on the following assumptions:

	Six Months Ended March 31, 2017	Six Months Ended March 31, 2016
Risk-free interest rate	1.68% – 1.92%	1.43% – 1.75%
Expected life (years)	5.32	5.90
Expected volatility	78%	83%
Expected dividends	None	None

The expected life of options granted is derived using assumed exercise rates based on historical exercise patterns and vesting terms, and represents the period of time that options granted are expected to be outstanding. Expected stock price

volatility is based upon implied volatility and other factors, including historical volatility. After assessing all available information on either historical volatility, or implied volatility, or both, the Company concluded that a combination of both historical and implied volatility provides the best estimate of expected volatility.

As of March 31, 2017, the Company had \$11.2 million of unrecognized compensation expense related to outstanding stock options and RSUs expected to be recognized over a weighted-average period of approximately 2.4 years.

2012 Incentive Plan

In January 2012, the Company's board of directors (the "Board") adopted the Mitek Systems, Inc. 2012 Incentive Plan (the "2012 Plan"), upon the recommendation of the compensation committee of the Board. On March 10, 2017, the Company's stockholders approved the amendment and restatement of the 2012 Plan which increased the total number of shares of Common Stock reserved for issuance thereunder from 6,000,000 shares to 9,500,000 shares plus that number of shares of Common Stock that would otherwise return to the available pool of unissued shares reserved for awards under its 1999 Stock Option Plan, 2000 Stock Option Plan, 2002 Stock Option Plan, 2006 Stock Option Plan and 2010 Stock Option Plan (collectively, the "Prior Plans"). As of March 31, 2017, (i) stock options to purchase 1,981,654 shares of Common Stock, 1,812,730 RSUs and 1,300,000 Senior Executive Performance RSUs were outstanding under the 2012 Plan, and 3,421,185 shares of Common Stock were reserved for future grants under the 2012 Plan and (ii) stock options to purchase an aggregate of 1,098,728 shares of Common Stock were outstanding under the Prior Plans.

Director Restricted Stock Unit Plan

In January 2011, the Board adopted the Mitek Systems, Inc. Director Restricted Stock Unit Plan, as amended and restated (the "Director Plan"), reserving up to 1,000,000 shares of Common Stock for the issuance of RSUs that may be granted to both employee and non-employee members of the Board. On March 10, 2017, the Company's stockholders approved an amendment to the Director Plan which increased the total number of shares of Common Stock reserved for issuance thereunder from 1,000,000 shares to 1,500,000 shares and extended the term of the Director Plan from December 5, 2020 to December 31, 2022. As of March 31, 2017, (i) 543,385 RSUs were outstanding under the Director Plan and (ii) 531,786 shares of Common Stock were reserved for future grants under the Director Plan.

Stock Options

The following table summarizes stock option activity under the Company's equity plans during the six months ended March 31, 2017:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)
Outstanding, September 30, 2016	3,015,374	\$ 3.95	6.4
Granted	107,800	\$ 6.13	
Exercised	(10,291)	\$ 2.85	
Canceled	(32,501)	\$ 4.29	
Outstanding, March 31, 2017	<u>3,080,382</u>	<u>\$ 4.02</u>	<u>6.0</u>

The Company recognized \$0.2 million and \$0.3 million in stock-based compensation expense related to outstanding stock options in the three months ended March 31, 2017 and 2016, respectively. The Company recognized \$0.5 million and \$0.8 million in stock-based compensation expense related to outstanding stock options in the six months ended March 31, 2017 and 2016, respectively. As of March 31, 2017, the Company had \$1.8 million of unrecognized compensation expense related to outstanding stock options expected to be recognized over a weighted-average period of approximately 1.9 years.

Aggregate intrinsic value represents the value of the Company's closing stock price on the last trading day of the fiscal period in excess of the weighted-average exercise price, multiplied by the number of options outstanding and exercisable. The total intrinsic value of options exercised during the six months ended March 31, 2017 and 2016 was \$32,000 and \$0.3 million, respectively. The per-share weighted-average fair value of options granted during the six months ended March 31, 2017 was \$3.98. The aggregate intrinsic value of options outstanding as of March 31, 2017 and 2016, was \$10.0 million and \$11.9 million, respectively.

Restricted Stock Units

The following table summarizes RSU activity under the Company's equity plans during the six months ended March 31, 2017:

	Number of Shares	Weighted-Average Fair Market Value Per Share
Outstanding, September 30, 2016	2,046,169	\$ 4.90
Granted	917,785	\$ 5.77
Settled	(532,333)	\$ 4.62
Canceled	(75,506)	\$ 5.15
Outstanding, March 31, 2017	2,356,115	\$ 5.11

The cost of RSUs is determined using the fair value of Common Stock on the award date, and the compensation expense is recognized ratably over the vesting period. The Company recognized \$0.9 million in stock-based compensation expense related to outstanding RSUs in each of the three months ended March 31, 2017 and 2016. The Company recognized \$1.8 million and \$1.4 million in stock-based compensation expense related to outstanding RSUs in the six months ended March 31, 2017 and 2016, respectively. As of March 31, 2017, the Company had \$9.4 million of unrecognized compensation expense related to outstanding RSUs expected to be recognized over a weighted-average period of approximately 2.9 years.

Senior Executive Performance RSUs

On March 10, 2017, the Company granted 1,300,000 Senior Executive Long Term Incentive Restricted Stock Units ("Senior Executive Performance RSUs") under the 2012 Plan. Senior Executive Performance RSUs are purely performance-based, and no Senior Executive Performance RSUs vest unless, as of the end of the performance period (March 1, 2017 through the date that is 25 trading days after the first filing of an Annual Report on Form 10-K or Quarterly Report on Form 10-Q by the Company following September 30, 2019) (the "Performance Period") or in connection with a Change of Control (as defined in the 2012 Plan), a significant threshold level of stock price appreciation (or the equivalent in connection with a Change of Control that takes the form of an asset sale) has been achieved by the Company. Furthermore, the number of Senior Executive Performance RSUs that ultimately vest at the end of the Performance Period depends on whether the percentage increase in the Company's stock price during the Performance Period equaled or outperformed the percentage increase in the Russell 2000 Index over the same period.

The Senior Executive Performance RSUs will fully vest if the following market conditions are met: (i) the Company achieves a stock price of \$20.00 per share or more at the end of the Performance Period, which is expected to end in January 2020 and (ii) the Company's stock price growth during the Performance Period equaled or outperformed the stock price growth of the Russell 2000 Index. For stock prices between \$16.00 per share and \$20.00 per share, vesting will range (i) between 25% and 50% if the percentage increase in the Company's stock price during the Performance Period was lower than the percentage increase of the Russell 2000 Index and (ii) between 50% and 100% if the percentage increase in the Company's stock price during the Performance Period equaled or outperformed the percentage increase of the Russell 2000 Index, in each case, with higher vesting relating to increased stock prices, determined on the basis of a straight line interpolation. No Senior Executive Performance RSUs will vest if the Company's stock price at the end of the Performance Period is below \$16.00 per share and all unvested Senior Executive Performance RSUs shall be canceled. Upon cancellation, the shares subject to such Senior Executive Performance RSUs will not be returned to the 2012 Plan and will not be available for issuance under other types of Awards. Fifty percent of the Senior Executive Performance RSUs determined at the end of the Performance Period convert into unrestricted shares (one share per RSU). The remaining 50% of the Senior Executive Performance RSUs vest subject to the participants' continued employment through the one-year anniversary of the end of the Performance Period; provided, however that such remaining Senior Executive Performance RSUs shall fully vest upon a qualifying termination or a change in control during such one-year period. Accordingly, the related stock-based compensation expense will be recognized over these respective vesting periods.

The Company estimated the fair value of the Senior Executive Performance RSUs using the Monte-Carlo simulation (using the Company's valuation date stock price, the annual risk-free interest rate, expected volatility, the probability of reaching the performance targets and a 20 trading day average stock price). The Company has estimated the aggregate fair value of the Senior Executive Performance RSUs at \$1.7 million and recognized \$30,000 in stock-based compensation expense related to outstanding Senior Executive Performance RSUs for each of the three and six months ended March 31, 2017.

Closing Shares

In connection with the closing of the Acquisition, the Company issued to the Sellers 712,790 shares of Common Stock. Vesting of these shares is subject to the continued employment of the founders of IDchecker and occurs over a period of 27 months (the "Service Period") from the date of issuance. The cost of the Closing Shares is determined using the fair value of Common Stock on the award date, and the stock-based compensation is recognized ratably over the vesting period. Stock-based compensation expense related to the Closing Shares is recorded within acquisition-related costs and expenses on the Consolidated Statements of Operations and Other Comprehensive Loss. The Company recognized \$0.3 million in stock-based compensation expense related to the Closing Shares for each of the three months ended March 31, 2017 and 2016, and \$0.6 million for each of the six months ended March 31, 2017 and 2016. As of March 31, 2017, the Company had \$0.6 million of unrecognized compensation expense related to Closing Shares expected to be recognized over the remaining Service Period.

Earnout Shares

In addition to the Cash Payment and the issuance of Closing Shares, in each case at the closing of the Acquisition, the Company issued 137,306 Earnout Shares to the Sellers for achievement by IDchecker of certain revenue targets for the nine-month period ended September 30, 2015. Additionally, 55,297 Earnout Shares were earned by the Sellers for achievement by IDchecker of certain revenue targets for the twelve-month period ended September 30, 2016. Earnout Shares vest and will be eligible for resale such that 12.5% of the Earnout Shares will vest and be released for resale on the date that is six months following the date of issue and thereafter, the remaining 87.5% of the applicable Earnout Shares will vest and be released for resale in equal quarterly installments. Vesting of the Earnout Shares is subject to the continued employment of the founders of IDC NL through the date on which all Earnout Shares are fully vested.

The Company estimated the fair value of the Earnout Shares using the Monte-Carlo simulation (using the Company's valuation date stock price, the annual risk-free interest rate, expected volatility, the probability of reaching the performance targets and a 10 trading day average stock price). This model will be updated and the respective fair value adjusted each reporting period based on the relevant facts and conditions at the reporting date. Stock-based compensation expense related to the Earnout Shares is recorded within acquisition-related costs and expenses on the Consolidated Statements of Operations and Other Comprehensive Loss. The Company recognized \$74,000 in stock-based compensation expense related to the Earnout Shares for each of the three months ended March 31, 2017 and 2016, and \$147,000 for each of the six months ended March 31, 2017 and 2016.

6. INCOME TAXES

The Company's deferred tax assets are primarily comprised of federal and state net operating loss carryforwards. Such federal and state net operating loss carryforwards begin to expire in the fiscal years ending September 30, 2018 and September 30, 2016, respectively. The Company carries a deferred tax valuation allowance equal to 100% of the net deferred tax assets. In recording this allowance, management has considered a number of factors, particularly the Company's recent history of sustained operating losses. Management has concluded that a valuation allowance is required for 100% of the net deferred tax assets as it is more likely than not that the deferred tax assets will not be realized.

There can be no assurance that the Company will ever realize the benefit of any or all of the federal and state net operating loss carryforwards or the credit carryforwards, either due to ongoing operating losses or due to ownership changes, which may limit the usefulness of the net operating loss carryforwards. Due to the 100% valuation allowance on the net deferred tax assets, the Company does not anticipate that future changes in the Company's unrecognized tax benefits will impact its effective tax rate.

7. COMMITMENTS AND CONTINGENCIES

Rothschild Mobile Imaging Innovations, Inc.

On May 16, 2014, Rothschild Mobile Imaging Innovations, Inc. ("RMII") filed a complaint against the Company in the U.S. District Court for the District of Delaware alleging that certain of the Company's mobile imaging products infringe four RMII-owned patents related to mobile imaging technology. On June 1, 2014, RMII amended its complaint to add JPMorgan Chase & Co. and JPMorgan Chase Bank, N.A. (together, "Chase"), one of the Company's customers, as a defendant in the lawsuit (as amended, the "Initial Lawsuit"). On September 8, 2014, RMII filed three additional complaints (the "Subsequent Lawsuits") against the Company in the U.S. District Court for the District of Delaware. The Subsequent Lawsuits contain allegations substantially similar to the Initial Lawsuit regarding infringement by the Company's mobile imaging products of the four RMII-owned patents related to mobile imaging technology, but name as co-defendants Citibank, N.A., Citigroup Inc., Wells Fargo & Company, Wells Fargo Bank, N.A., Bank of America Corporation and Bank of America, N.A., respectively (together with Chase, the "Bank Defendants"). RMII subsequently filed amended complaints (together with the Initial Lawsuit

and the Subsequent Lawsuits, the “RMII Lawsuits”) adding as defendants both Fiserv and NCR (the “Distributor Defendants”), each of whom distributes the Company’s mobile imaging technology to one or more of the Bank Defendants. Based on the Company’s understanding of the claims, the Company agreed to accept the demands for indemnity and defense tendered by each of the Bank Defendants and Distributor Defendants in connection with the RMII Lawsuits.

On November 10, 2014, the Company filed a motion to sever and stay the claims against Chase in the Initial Lawsuit pending resolution of RMII’s claims against the Company, which motion was granted on August 3, 2015. On November 19, 2014, the Company filed joinders to the motion to stay with respect to the Subsequent Lawsuits, which joinders were also granted on August 3, 2015. Additionally, the Patent Trial and Appeal Board (“PTAB”) of the Patent and Trademark Office instituted the Company’s petitions for Inter Partes Review (“IPR”) challenging the patentability of all four asserted patents, and the Court agreed to stay the litigation in its entirety until all of the decisions are rendered in the IPR proceedings.

On July 20, 2016, the PTAB entered its final decision in the IPR proceedings. The PTAB ruled that all claims asserted in the litigation in all four RMII patents were directed to unpatentable subject matter and thus not patent eligible. On September 16, 2016, the parties filed a joint status report notifying the Court of the PTAB’s decisions in the IPRs. Through that notice, Mitek requested that the Court enter a judgment of non-infringement, or, in the alternative, dismiss all of RMII’s claims against all defendants with prejudice. On September 16, 2016, RMII filed a motion to dismiss without prejudice.

The Company is currently controlling the defense of such claims and has taken actions to defend the RMII Lawsuits, as more fully described above. The Company believes that RMII’s claims are without merit and have vigorously defended against those claims. The Company does not believe that the results of the RMII Lawsuits will have a material adverse effect on its financial condition or results of operations.

Other Legal Matters

In addition to the foregoing, the Company is subject to various claims and legal proceedings arising in the ordinary course of its business. The Company accrues for such liabilities when it is both (i) probable that a loss has occurred and (ii) the amount of the loss can be reasonably estimated in accordance with ASC 450. While any legal proceeding has an element of uncertainty, the Company believes that the disposition of such matters, in the aggregate, will not have a material effect on the Company’s financial condition or results of operations.

Facility Leases

The Company’s principal executive offices, as well as its research and development facility, are located in approximately 28,354 square feet of office space in San Diego, California. The term of the lease for the Company’s offices commenced on October 1, 2016 and continues through April 30, 2020. The annual base rent under this lease is approximately \$0.6 million per year. In connection with this lease, the Company received tenant improvement allowances totaling \$0.3 million. These lease incentives are being amortized as a reduction of rent expense over the term of the lease. As of March 31, 2017, the unamortized balance of the lease incentives was \$0.3 million, of which \$0.1 million has been included in other current liabilities and \$0.2 million has been included in other non-current liabilities. The offices of IDChecker are located in the Netherlands and the term of this lease continues through May 31, 2020. The annual base rent under this lease is approximately €48,000 per year. The Company has a sales office in London, UK. The term of this lease continues through May 31, 2017. The annual base rent under this lease is approximately £65,000 per year. The Company believes its existing properties are in good condition and are sufficient and suitable for the conduct of its business.

8. REVENUE AND VENDOR CONCENTRATIONS

Revenue Concentration

For the three months ended March 31, 2017, the Company derived revenue of \$2.9 million from two customers, with such customers accounting for 14% and 12%, respectively, of the Company’s total revenue. For the three months ended March 31, 2016, the Company derived revenue of \$2.1 million from two customers, with such customers accounting for 15% and 11%, respectively, of the Company’s total revenue. For the six months ended March 31, 2017, the Company derived revenue of \$4.8 million from one customer, with such customer accounting for 23% of the Company’s total revenue. For the six months ended March 31, 2016, the Company derived revenue of \$3.9 million from two customers, with such customers accounting for 13% and 12%, respectively, of the Company’s total revenue. The corresponding accounts receivable balances of customers from which revenues were in excess of 10% of total revenue were \$1.4 million and \$0.1 million at March 31, 2017 and 2016, respectively.

The Company’s revenue is derived primarily from sales by the Company to channel partners, including systems integrators and resellers, and end-users of licenses to sell products covered by the Company’s patented technologies. These contractual arrangements do not obligate the Company’s channel partners to order, purchase or distribute any fixed or minimum

quantities of the Company's products. In most cases, the channel partners purchase the license from the Company after they receive an order from an end-user. The channel partners receive orders from various individual end-users; therefore, the sale of a license to a channel partner may represent sales to multiple end-users. End-users can purchase the Company's products through more than one channel partner.

Revenues can fluctuate based on the timing of license renewals by channel partners. When a channel partner purchases or renews a license, the Company receives a license fee in consideration for the grant of a license to sell the Company's products and there are no future payment obligations related to such agreement; therefore, the license fee the Company receives with respect to a particular license renewal in one period does not have a correlation with revenue in future periods. During the last several quarters, sales of licenses to one or more channel partners have comprised a significant part of the Company's revenue. This is attributable to the timing of renewals or purchases of licenses and does not represent a dependence on any single channel partner. The Company believes that it is not dependent upon any single channel partner, even those from which revenues were in excess of 10% of the Company's total revenue in a specific reporting period, and that the loss or termination of the Company's relationship with any such channel partner would not have a material adverse effect on the Company's future operations because either the Company or another channel partner could sell the Company's products to the end-user that had purchased from the channel partner the Company lost.

International sales accounted for approximately 14% of the Company's total revenue for both the three and six months ended March 31, 2017. International sales accounted for approximately 10% of the Company's total revenue for both the three and six months ended March 31, 2016.

Vendor Concentration

The Company purchases its integrated software components from multiple third-party software providers at competitive prices. For the three and six months ended March 31, 2017 and 2016, the Company did not make purchases from any one vendor comprising 10% or more of the Company's total purchases. The Company has entered into contractual relationships with some of its vendors; however, the Company does not believe it is substantially dependent upon nor exposed to any significant concentration risk related to purchases from any of its vendors given the availability of alternative sources for its necessary integrated software components.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Quarterly Report on Form 10-Q (this "Form 10-Q"), contains "forward-looking statements" that involve risks and uncertainties, as well as assumptions that, if they never materialize or they prove incorrect, could cause our results to differ materially and adversely from those expressed or implied by such forward-looking statements. The forward-looking statements are contained principally in Part I, Item 2—"Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A—"Risk Factors," but appear throughout this Form 10-Q. Forward-looking statements may include, but are not limited to, statements relating to our outlook or expectations for earnings, revenues, expenses, asset quality, volatility of our common stock, financial condition or other future financial or business performance, strategies, expectations, or business prospects, or the impact of legal, regulatory or supervisory matters on our business, results of operations or financial condition.

Forward-looking statements can be identified by the use of words such as "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target", "will," "would," "could," "can," "may", or similar expressions. Forward-looking statements reflect our judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Part II, Item 1A- "Risk Factors" in this Form 10-Q and in our other filings with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, filed with the SEC on December 9, 2016 (the "Form 10-K"). Additionally, there may be other factors that could preclude us from realizing the predictions made in the forward-looking statements. We operate in a continually changing business environment and new factors emerge from time to time. We cannot predict such factors or assess the impact, if any, of such factors on our financial position or results of operations. All forward-looking statements included in this Form 10-Q speak only as of the date of this Form 10-Q and you are cautioned not to place undue reliance on any such forward-looking statements. Except as required by law, we undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this Form 10-Q or to reflect the occurrence of unanticipated events.

In this Form 10-Q, unless the context indicates otherwise, the terms "Mitek," "the Company," "we," "us" and "our" refer to Mitek Systems, Inc., a Delaware corporation and its subsidiaries.

Overview

Mitek is a global provider of mobile capture and identity verification software solutions for enterprises. We are currently serving approximately 5,600 financial services organizations and leading brands across the globe. Our solutions are embedded in native mobile apps and mobile optimized websites to facilitate better mobile user experiences and compliant transactions.

Mitek invented Mobile Deposit® which is used today by millions of consumers in the U.S. and Canada for mobile check deposit. Following the success of Mobile Deposit®, Mitek has introduced a multi-check capture solution that enables businesses to deposit multiple checks in one batch using a mobile device.

Mitek is also applying our mobile and imaging expertise to digital identity verification globally. Mitek's image based identity verification product, Mobile Verify™, is empowering the digital transformation of companies operating in highly regulated markets by enabling them to identify with whom they are conducting business. Identity verification is mandatory to comply with many governmental Know Your Customer ("KYC") and Anti-Money Laundering regulatory requirements around the globe.

Our identity verification technology has been selected for use with digital/mobile on-boarding and user re-authentication, as well as by money transmitters, when irregular activity is suspected. While our solutions are primarily used in financial services (banks, credit unions, lenders, payments processors, card issuers, insurers, etc.) we are also seeing adoption by telecommunications, healthcare, travel, retail, sharing economy companies and more.

We market and sell our products and services worldwide through internal, direct sales teams located in the U.S. and Europe as well as through channel partners. Our direct sales strategy concentrates on large financial services organizations and medium sized companies. Our partner sales strategy includes channel partners who are financial services technology providers. These partners integrate our products into their solutions to meet the needs of their customers. The majority of our revenue is derived from software licenses with increasing revenues from software as a service ("SaaS") contracts.

On June 17, 2015, Mitek completed the acquisition (the "Acquisition") of IDchecker NL B.V., a company incorporated under the laws of the Netherlands ("IDC NL"), and ID Checker, Inc., a California corporation and wholly owned subsidiary of IDC NL ("IDC Inc." and together with IDC NL, "IDchecker"), pursuant to a Share Purchase Agreement dated May 26, 2015, by and among the Company, IDC NL, ID Checker Holding B.V., Stichting Administratiekantoor OPID, and the other

individuals specified therein. Upon completion of the Acquisition, IDC NL and IDC Inc. became wholly owned subsidiaries of the Company. IDChecker is a global provider of cloud based identity document verification. The Acquisition expands Mitek's mobile ID verification capabilities through IDChecker's ability to read several different types of passports, international driver's licenses and identity cards from around the world. The Acquisition also adds an international customer base in the payments, financial services and information services verticals.

More than 90% of millennials own a smartphone and its most utilized feature is the camera, according to industry analyst ComScore. According to a November 2016 survey conducted by Osterman Research ("The Millennial Influence: How Their Love of Mobile Shapes Commerce"), millennials, especially older ones, make extensive use of their smartphone cameras and 85% of millennials take selfies (many more than five times per day). Furthermore, millennials want to use their camera functionality much more extensively for activities like verifying their identity, taking photos of their credit cards or driver's license instead of keying in payment information, transferring funds, or enrolling for new accounts. Given their mobile technology focus, millennials place a tremendous importance on the camera functionality of their smartphones—in fact, more than one in seven millennials considers the smartphone camera to be the most important feature of their device. Mitek is leveraging the mobile camera through our mobile identity products to create a superior user experience across all versions of the Apple iPhone and Android devices and mobile web.

The core of our user experience is Mitek MiSnap™, a touch-free automated capture technology, which is incorporated universally across our product line. It provides a simple and superior user experience, making transactions on mobile devices fast and easy for the consumer while helping organizations drive revenue from the increasingly popular mobile channel.

Our Mobile Verify™ products combine the Mitek MiSnap™ auto capture experience with a variety of advanced computer vision techniques to provide verification of ID documents. Mobile Verify™ provides a check of authenticity of U.S. state-issued driver's licenses and includes full global coverage. These products enable banks and other businesses to improve KYC processes. This is especially valuable to highly regulated industries with a large and growing percentage of transactions conducted remotely via mobile devices. These products also enable trust to be achieved on peer-to-peer and merchant processing networks where identity is an inherent part of the transaction. Mobile Verify™ customers include international payments, financial services and information services providers.

Mobile Fill™, our mobile identity capture solution, enables the camera to serve as a keyboard. Using Mobile Fill™, consumers can quickly pre-fill any form with personal data by simply snapping a picture of their driver license, credit card, or other document. Organizations use Mobile Fill™ to verify identity for service. This can include streamlining the process of opening a customer checking, savings or credit card account, paying a bill, activating a 'switch and save' offer, and more. Mitek's prime customers for Mobile Fill™ include national and regional banks, credits unions, wireless telecom operators and insurance providers.

The second generation of our Mobile Fill™ product, Mobile Fill for Mobile Web™, enables potential new customers to use their camera as a keyboard right from the organization's mobile website, eliminating the need to download an application.

Mitek's Mobile Identity Suite has been developed pursuant to the success of Mobile Deposit®, a category leading product that allows individuals and businesses to remotely deposit checks with their banks using a camera-equipped smartphone or tablet. Our Mobile Deposit® solution has now processed over one billion check deposits. We began selling Mobile Deposit® in the second fiscal quarter of 2008, and received our first patent issued for this product in August 2010. Our Commercial Mobile Deposit Capture™ utilizes the same core technology as Mobile Deposit®, but is specific to small and medium size businesses. It adds capabilities such as mobile multi-check capture to help businesses reduce or eliminate their need for check scanners and trips to the ATM or bank branch. Just like the retail side of banks, the commercial and treasury divisions recognize substantially lower transaction costs associated with processing checks through the mobile channel, and are thus highly motivated to drive more mobile deposit transactions as an alternative to branch or ATM transactions. In addition, many businesses are seeking to lower operating costs through mobile tools that enable them to quickly process payments without a trip to the bank, extra hardware or interchange fees associated with credit cards.

We market and sell our Mitek Mobile Identity Suite line of mobile capture and identity verification software products directly to enterprise customers or through channel partners. Our mobile capture software solutions are often embedded in other mobile banking or enterprise applications developed by banks, insurance companies or their partners, and then marketed under their own proprietary brands.

Second Quarter Fiscal 2017 Highlights

- Revenues for the three months ended March 31, 2017 were \$11.4 million, an increase of 34% compared to revenues of \$8.5 million in the three months ended March 31, 2016. Net income was \$1.2 million, or \$0.03 per diluted share, during the three months ended March 31, 2017, an increase of 109% compared to net income of \$0.6 million, or \$0.02 per diluted share, during the three months ended March 31, 2016.
- Continued growth in our mobile check deposit business. During the second quarter of fiscal 2017 the total number of financial institutions licensing our technology was approximately 5,600. All of the top 10 U.S. retail banks, and nearly all of the top 50 U.S. retail banks, utilize our technology.
- We added new patents to our portfolio during fiscal 2017 bringing our total number of issued patents to 29 as of April 11, 2017. In addition, we have 16 domestic and international patent applications as of April 29, 2017.

Market Opportunities, Challenges & Risks

The increase in the acceptance of mobile banking by financial institutions and their customers has helped drive our recent growth in revenue. In the past year, we experienced a significant increase in the number of financial institutions that have integrated and launched our mobile applications, particularly our Mobile Deposit® product, as part of their offering of mobile banking choices for their customers. We believe that financial institutions see our patented solutions as a way to provide an enhanced customer experience and reduce the cost of sales and service.

To sustain our growth in 2017 and beyond, we believe we must continue to offer imaging technology for mobile applications that address a growing market for mobile banking and mobile imaging solutions sold into other vertical markets. Our entry into the ID capture and verification market has expanded our addressable market and we intend to leverage the success of our mobile check deposit solution at approximately 5,600 financial institutions to increase adoption of our ID capture and verification solutions.

Factors adversely affecting the pricing of or demand for our mobile applications, such as competition from other products or technologies, any decline in the demand for mobile applications, or negative publicity or obsolescence of the software environments in which our products operate, could result in lower revenues or gross margins. Further, because most of our revenues are from a single type of technology, our product concentration may make us especially vulnerable to market demand and competition from other technologies, which could reduce our revenues.

Results of Operations

Comparison of the Three Months Ended March 31, 2017 and 2016

The following table summarizes certain aspects of our results of operations for the three months ended March 31, 2017 and 2016 (*amounts in thousands, except percentages*):

	Three Months Ended March 31,					
			Percentage of Total Revenue		Increase (Decrease)	
	2017	2016	2017	2016	\$	%
Revenue						
Software	\$ 7,797	\$ 5,556	68 %	65 %	2,241	40 %
SaaS, maintenance and consulting	3,622	2,966	32 %	35 %	656	22 %
Total revenue	\$ 11,419	\$ 8,522	100 %	100 %	2,897	34 %
Cost of revenue	830	720	7 %	8 %	110	15 %
Selling and marketing	3,704	2,553	32 %	30 %	1,151	45 %
Research and development	2,401	1,813	21 %	21 %	588	32 %
General and administrative	2,742	2,264	24 %	27 %	478	21 %
Acquisition-related costs and expenses	518	541	5 %	6 %	(23)	(4)%
Other income, net	67	30	1 %	— %	37	123 %
Income tax provision	(74)	(79)	(1)%	(1)%	5	(6)%

Revenue

Total revenue increased \$2.9 million or 34%, to \$11.4 million in the three months ended March 31, 2017 compared to \$8.5 million in the three months ended March 31, 2016. The increase was due to an increase in sales of software licenses of \$2.2 million, or 40%, to \$7.8 million in the three months ended March 31, 2017 compared to \$5.6 million in the three months ended March 31, 2016, and due to an increase in SaaS, maintenance and consulting revenue of \$0.7 million, or 22%, to \$3.6 million in the three months ended March 31, 2017 compared to \$3.0 million in the three months ended March 31, 2016. The increase in software license revenue primarily relates to an increase in sales of mobile deposit. Services revenue increased primarily due to additional mobile verify SaaS revenue of \$0.5 million in the three months ended March 31, 2017 compared to the same period in 2016, as well as additional maintenance associated with the increase in our software license revenue.

Cost of Revenue

Cost of revenue includes the costs of royalties for third party products embedded in our products, personnel costs and overhead related to software support and billable services engagements. Cost of revenue increased \$0.1 million, or 15%, to \$0.8 million in the three months ended March 31, 2017 compared to \$0.7 million in the three months ended March 31, 2016. As a percentage of revenue, cost of revenue decreased to 7% in the three months ended March 31, 2017 from 8% in the three months ended March 31, 2016. The increase in cost of revenue is primarily due to an increase in costs associated with the increase in SaaS revenue.

Selling and Marketing Expenses

Selling and marketing expenses include payroll, employee benefits and other headcount-related costs associated with sales, marketing, and product management personnel, non-billable costs of professional services personnel, and advertising, promotions, trade shows, seminars and other programs. Selling and marketing expenses increased \$1.2 million, or 45%, to \$3.7 million in the three months ended March 31, 2017 compared to \$2.6 million in the three months ended March 31, 2016. As a percentage of revenue, selling and marketing expenses increased to 32% in the three months ended March 31, 2017 from 30% in the three months ended March 31, 2016. The increase in selling and marketing expense is primarily due to higher personnel-related costs of \$1.0 million resulting from our increased headcount in the three months ended March 31, 2017 compared to the same period in 2016. The remaining increase is related to additional operating costs of approximately \$0.2 million resulting from a general increase in sales and marketing activity during the three months ended March 31, 2017 compared to the same period in 2016.

Research and Development Expenses

Research and development expenses include payroll, employee benefits, consultant expenses and other headcount-related costs associated with software engineering and mobile capture science. Research and development expenses increased \$0.6 million, or 32%, to \$2.4 million in the three months ended March 31, 2017 compared to \$1.8 million in the three months ended March 31, 2016. As a percentage of revenue, research and development expenses was 21% in the three months ended March 31, 2017 and 2016. The increase in research and development expenses is primarily due to higher personnel-related costs of \$0.4 million resulting from our increased headcount in the three months ended March 31, 2017 compared to the same period in 2016. The remaining increase is related to an increase in facility and other costs of approximately \$0.2 million resulting from a general increase in research and development activity in the three months ended March 31, 2017 compared to the same period in 2016.

General and Administrative Expenses

General and administrative expenses include payroll, employee benefits, and other headcount-related costs associated with finance, administration and information technology, as well as legal, accounting and other administrative fees. General and administrative expenses increased \$0.5 million, or 21%, to \$2.7 million in the three months ended March 31, 2017 compared to \$2.3 million in the three months ended March 31, 2016. As a percentage of revenue, general and administrative expenses decreased to 24% in the three months ended March 31, 2017 from 27% in the three months ended March 31, 2016. The increase in general and administrative expenses is primarily attributable to increased personnel-related costs of \$0.4 million as well as additional professional services of approximately \$0.1 million in the three months ended March 31, 2017 compared to the same period in 2016.

Acquisition-related Costs and Expenses

Acquisition-related costs and expenses remained consistent at \$0.5 million in the three months ended March 31, 2017 as compared to the same period in 2016.

Other Income, Net

Other income, net includes interest income net of amortization on our marketable securities portfolio and foreign currency transactional gains or losses. Other income, net was \$67,000 and \$30,000 for the three months ended March 31, 2017 and 2016, respectively.

Income tax provision

Income tax provision for the three months ended March 31, 2017 and 2016 was \$74,000 and \$79,000, respectively. The income tax provision for both periods is primarily made up of Federal Alternative Minimum Taxes.

Comparison of the Six Months Ended March 31, 2017 and 2016

The following table summarizes certain aspects of our results of operations for the six months ended March 31, 2017 and 2016 (*amounts in thousands, except percentages*):

	Six Months Ended March 31,					
			Percentage of Total Revenue		Increase (Decrease)	
	2017	2016	2017	2016	\$	%
Revenue						
Software	\$ 13,780	\$ 10,286	67 %	65 %	3,494	34 %
SaaS, maintenance and consulting	6,908	5,640	33 %	35 %	1,268	22 %
Total revenue	\$ 20,688	\$ 15,926	100 %	100 %	4,762	30 %
Cost of revenue	1,721	1,662	8 %	10 %	59	4 %
Selling and marketing	7,542	5,016	36 %	31 %	2,526	50 %
Research and development	4,852	3,520	23 %	22 %	1,332	38 %
General and administrative	4,985	4,355	24 %	27 %	630	14 %
Acquisition-related costs and expenses	1,036	1,084	5 %	7 %	(48)	(4)%
Other income, net	132	66	1 %	— %	66	100 %
Income tax provision	(74)	(95)	— %	(1)%	21	(22)%

Revenue

Total revenue increased \$4.8 million or 30%, to \$20.7 million in the six months ended March 31, 2017 compared to \$15.9 million in the six months ended March 31, 2016. The increase was due to an increase in sales of software licenses of \$3.5 million, or 34%, to \$13.8 million in the six months ended March 31, 2017 compared to \$10.3 million in the six months ended March 31, 2016, and due to an increase in SaaS, maintenance and consulting revenue of \$1.3 million, or 22%, to \$6.9 million in the six months ended March 31, 2017 compared to \$5.6 million in the six months ended March 31, 2016. The increase in software license revenue primarily relates to an increase in sales of both mobile deposit and mobile identity. Services revenue increased due to additional SaaS revenue of \$0.7 million in the six months ended March 31, 2017 compared to the six months ended March 31, 2016, additional maintenance associated with the increase in our software license revenue and additional professional services revenue.

Cost of Revenue

Cost of revenue includes the costs of royalties for third party products embedded in our products, personnel costs and overhead related to software support and billable services engagements. Cost of revenue increased \$0.1 million, or 4%, to \$1.7 million in the six months ended March 31, 2017 compared to \$1.7 million in the six months ended March 31, 2016. As a percentage of revenue, cost of revenue decreased to 8% in the six months ended March 31, 2017 from 10% in the six months ended March 31, 2016.

Selling and Marketing Expenses

Selling and marketing expenses include payroll, employee benefits and other headcount-related costs associated with sales, marketing, and product management personnel, non-billable costs of professional services personnel, and advertising,

promotions, trade shows, seminars and other programs. Selling and marketing expenses increased \$2.5 million, or 50%, to \$7.5 million in the six months ended March 31, 2017 compared to \$5.0 million in the six months ended March 31, 2016. As a percentage of revenue, selling and marketing expenses increased to 36% in the six months ended March 31, 2017 from 31% in the six months ended March 31, 2016. The increase in sales and marketing expense is primarily due to higher personnel-related costs of \$2.2 million resulting from our increased headcount in the six months ended March 31, 2017 compared to the same period in 2016. The remaining increase is related to additional operating costs of approximately \$0.3 million resulting from a general increase in sales and marketing activity during the six months ended March 31, 2017 compared to the same period in 2016.

Research and Development Expenses

Research and development expenses include payroll, employee benefits, consultant expenses and other headcount-related costs associated with software engineering and mobile capture science. Research and development expenses increased \$1.3 million, or 38%, to \$4.9 million in the six months ended March 31, 2017 compared to \$3.5 million in the six months ended March 31, 2016. As a percentage of revenue, research and development expenses increased to 23% in the six months ended March 31, 2017 from 22% in the six months ended March 31, 2016. The increase in research and development expenses is primarily due to higher personnel-related costs of \$0.8 million resulting from our increased headcount in the six months ended March 31, 2017 compared to the same period in 2016. The remaining increase is related to an increase in facility and other costs of approximately \$0.5 million resulting from a general increase in research and development activity in the six months ended March 31, 2017 compared to the same period in 2016.

General and Administrative Expenses

General and administrative expenses include payroll, employee benefits, and other headcount-related costs associated with finance, administration and information technology, as well as legal, accounting and other administrative fees. General and administrative expenses increased \$0.6 million, or 14%, to \$5.0 million in the six months ended March 31, 2017 compared to \$4.4 million in the six months ended March 31, 2016. As a percentage of revenue, general and administrative expenses decreased to 24% in the six months ended March 31, 2017 from 27% in the six months ended March 31, 2016. The increase in general and administrative expenses is primarily attributable to increased personnel-related costs of \$0.6 million in the six months ended March 31, 2017 compared to the same period in 2016.

Acquisition-related Costs and Expenses

Acquisition-related costs and expenses were \$1.0 million and \$1.1 million in the six months ended March 31, 2017 and 2016, respectively.

Other Income, Net

Other income, net includes interest income net of amortization on our marketable securities portfolio and foreign currency transactional gains or losses. Other income, net was \$132,000 and \$66,000 for the six months ended March 31, 2017 and 2016, respectively.

Income tax provision

Income tax provision for the six months ended March 31, 2017 and 2016 was \$74,000 and \$95,000, respectively. The income tax provision for both periods is primarily made up of Federal Alternative Minimum Taxes.

Liquidity and Capital Resources

On March 31, 2017, we had \$39.9 million in cash and cash equivalents and investments compared to \$35.8 million on September 30, 2016, an increase of \$4.1 million, or 11%. The increase in cash and cash equivalents and investments was primarily due to our net income adjusted for non-cash items combined with favorable changes in working capital and partially offset by capital expenditures.

Net Cash Provided by Operating Activities

Net cash provided by operating activities during the six months ended March 31, 2017 was \$4.4 million and resulted primarily from net income of \$0.6 million adjusted for non-cash charges of \$3.6 million and favorable changes in operating assets and liabilities of \$0.2 million. The primary non-cash adjustments to operating activities were stock-based compensation expense, amortization of closing and earnout shares related to the Acquisition, amortization of intangible assets and depreciation and amortization totaling \$2.3 million, \$0.8 million, \$0.3 million and \$0.2 million, respectively.

Net cash provided by operating activities during the six months ended March 31, 2016 was \$5.2 million and resulted primarily from net income of \$0.3 million adjusted for non-cash charges of \$3.6 million and favorable changes in operating assets and liabilities of \$1.4 million. The primary non-cash adjustments to operating activities were stock-based compensation expense, amortization of closing and earnout shares related to the Acquisition, amortization of intangible assets and depreciation totaling \$2.2 million, \$0.8 million, \$0.3 million, and \$0.2 million, respectively.

Net Cash Provided by (Used in) Investing Activities

Net cash used in investing activities was \$0.4 million during the six months ended March 31, 2017, which consisted primarily of capital expenditures of \$0.3 million and net purchases of investments of \$0.2 million.

Net cash provided by investing activities was \$5.0 million during the six months ended March 31, 2016, which consisted primarily of cash provided by the net sales and maturities of investments of \$5.1 million, partially offset by capital expenditures of \$0.1 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was \$30,000 during the six months ended March 31, 2017, which consisted of proceeds from the exercise of stock options.

Net cash provided by financing activities was \$0.3 million during the six months ended March 31, 2016, which consisted primarily of proceeds from the exercise of stock options.

Other Liquidity Matters

On March 31, 2017, we had investments of \$26.9 million, designated as available-for-sale marketable securities, which consisted of commercial paper and corporate issuances, carried at fair value as determined by quoted market prices for identical or similar assets, with unrealized gains and losses, net of tax, and reported as a separate component of stockholders' equity. All securities whose maturity or sale is expected within one year are classified as "current" on the Consolidated Balance Sheets. All other securities are classified as "long-term" on the Consolidated Balance Sheets. At March 31, 2017, we had \$23.1 million of our available-for-sale securities classified as current and \$3.9 million of our available-for-sale securities classified as long-term. At September 30, 2016, we had \$24.9 million of our available-for-sale securities classified as current and \$2.0 million of our available-for-sale securities classified as long-term.

We had working capital of \$34.0 million at March 31, 2017 compared to \$32.0 million at September 30, 2016.

Based on our current operating plan, we believe the current cash balance and cash expected to be generated from operations will be adequate to satisfy our working capital needs for the next 12 months.

Off Balance Sheet Arrangements

The Company had no off balance sheet arrangements as of March 31, 2017.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of the consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. We review our estimates on an on-going basis, including those related to income taxes and the valuation of goodwill, intangibles and other long-lived assets. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. The critical accounting policies and estimates used in the preparation of our consolidated financial statements are described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of Form 10-K. We believe that there were no significant changes in our critical accounting policies and estimates since September 30, 2016.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rates

The primary objective of our investment activities is to preserve principal while at the same time maximizing after-tax yields without significantly increasing risk. To achieve this objective, we maintain our investment portfolio of cash equivalents

and marketable securities in a variety of securities, including corporate debt securities, commercial paper and certificates of deposit. We have not used derivative financial instruments in our investment portfolio, and none of our investments are held for trading or speculative purposes. Short-term and long-term marketable securities are generally classified as available-for-sale and consequently are recorded on the Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income, net of estimated tax. As of March 31, 2017, our marketable securities had remaining maturities between approximately one and eighteen months and a fair market value of \$26.9 million, representing 52% of our total assets.

The fair value of our cash equivalents and marketable securities is subject to change as a result of changes in market interest rates and investment risk related to the issuers' credit worthiness. We do not utilize financial contracts to manage our investment portfolio's exposure to changes in market interest rates. A hypothetical 100 basis point increase or decrease in market interest rates would not have a material impact on the fair value of our cash equivalents and marketable securities due to the relatively short maturities of these investments. While changes in market interest rates may affect the fair value of our investment portfolio, any gains or losses will not be recognized in our results of operations until the investment is sold or if the reduction in fair value was determined to be an other-than-temporary impairment.

Foreign Currency Risk

As a result of the Acquisition, we have operations in the Netherlands that are exposed to fluctuations in the foreign currency exchange rate between the U.S. dollar, the Euro and the British pound. The functional currency of our Dutch operations is the Euro. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro. Translation adjustments resulting from translating the functional currency financial statements into U.S. dollar equivalents are reported separately in the Consolidated Statements of Operations and Comprehensive Income. Additionally, changes in the British pound could adversely impact revenue.

Market Risk

The Company has had no material changes to market risk as outlined in the Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures as of the end of the period covered by this Form 10-Q pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. We recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2017.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II
OTHER INFORMATION**

ITEM 1. LEGAL PROCEEDINGS

For information regarding our legal proceedings, see Note 7 to our financial statements included in this Form 10-Q and Item 3— “Legal Proceedings” in the Form 10-K. There have been no material developments in our historical legal proceedings since September 30, 2016.

ITEM 1A. RISK FACTORS

While we attempt to identify, manage, and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. Item 1A of the Form 10-K describes some of the risks and uncertainties associated with our business, which we strongly encourage you to review. These risks and uncertainties have the potential to materially affect our business, financial condition, results of operations, cash flows, projected results, and future prospects. There have been no material changes in our risk factors from those disclosed in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of the Company’s equity securities during the quarter ended March 31, 2017, that were not previously disclosed in a Current Report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description	Incorporated by Reference from Document
2.1**	Share Purchase Agreement dated May 26, 2015, by and among Mitek Systems, Inc., IDchecker NL B.V., ID Checker Holding B.V., Stichting Administratiekantoor OPID, Pierre L.M. deBoer, and Michael Hagen.	(1)
3.1	Restated Certificate of Incorporation of Mitek Systems, Inc., as amended.	(2)
3.2	Second Amended and Restated Bylaws of Mitek Systems, Inc.	(3)
4.1	Form of debenture issued on December 10, 2009.	(4)
4.2	Form of warrant issued on December 10, 2009.	(4)
10.1	Amended and Restated Mitek Systems, Inc. 2012 Incentive Plan.	*
10.2	Mitek Systems, Inc. Director Restricted Stock Unit Plan, as amended.	*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	*
101	Financial statements from the Quarterly Report on Form 10-Q of Mitek Systems, Inc. for the quarter ended March 31, 2017, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations and Other Comprehensive Income, (iii) the Consolidated Statements of Cash Flows, (iv) the Notes to Consolidated Financial Statements.	*

* Filed herewith.

** Certain schedules, appendices and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the SEC upon request.

- (1) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on June 17, 2015.
- (2) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2015.
- (3) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on November 10, 2014.
- (4) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

May 4, 2017

MITEK SYSTEMS, INC.

By: /s/ James B. DeBello

James B. DeBello

President and Chief Executive Officer

(Principal Executive Officer)

By: /s/ Russell C. Clark

Russell C. Clark

Chief Financial Officer

(Principal Financial and Accounting Officer)

AMENDED AND RESTATED MITEK SYSTEMS, INC.

2012 INCENTIVE PLAN

1. *Purpose of the Plan.* The purpose of this Plan is to make available certain equity and other incentives to motivate selected Employees, Directors and Consultants to put forth their best efforts toward the continued growth, profitability and success of the Company and to align the interests of such Employees, Directors and Consultants with those of the Company's stockholders.

2. *Definitions.* The following definitions shall apply as used herein and in the individual Award Agreements, except as defined otherwise in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supersede the definition contained in this Section 2.

(a) "*Acquiring Company*" means the resulting or surviving corporation, or the company issuing cash or securities (or its ultimate parent company), in a merger, consolidation, tender offer or share exchange involving the Company, or the successor corporation to the Company (whether in any such transaction or otherwise).

(b) "*Affiliate*" and "*Associate*" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(c) "*Applicable Laws*" means the legal requirements relating to the Plan and the Awards under applicable provisions of federal, state and other laws, rules and regulations, including any rules of any applicable stock exchange or national market system on which the Company's capital stock is listed or quoted, and the laws, rules and regulations of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(d) "*Assumed*" means that pursuant to a Change of Control either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the Acquiring Company in connection with the Change of Control with appropriate adjustments, if applicable, to the number and type of securities of the Acquiring Company subject to the Award and the exercise or purchase price thereof.

(e) "*Award*" means the grant of an Option, SAR, Restricted Stock, Restricted Stock Unit, Senior Executive Long Term Incentive Restricted Stock Unit, cash or other right or benefit under the Plan.

(f) "*Award Agreement*" means the written agreement evidencing the grant of an Award, including any amendments thereto.

(g) "*Benchmark Performance*" means, with respect to Senior Executive Long Term Incentive Restricted Stock Units, the percentage increase in Closing Fair Market Value or the Proceeds Per Share, as applicable, as compared to the average closing price of the Common Stock as quoted on the principal exchange or system on which the Common Stock is then-listed for the twenty (20) trading days immediately preceding the first day of the Performance Period, equals or exceeds the percentage increase in the average closing price of the Russell 2000 Index for the twenty (20) trading days immediately preceding the first day of the Performance Period compared to the average closing price of the Russell 2000 Index for the last twenty (20) trading days of the Performance Period.

(h) "*Board*" means the Board of Directors of the Company.

(i) "*Cause*" means, with respect to the termination by the Company or a Related Entity of the Participant's Continuous Service, that such termination is for "Cause" as such term (or word of like import) is expressly defined in a then-effective written policy covering the Participant or a written agreement between the Participant and the Company or such Related Entity; provided, however, that in the absence of a then-effective written policy or written agreement containing a definition of Cause, "Cause" shall mean, in the reasonable determination of the Company or the Committee (i) any material failure on the part of a Participant (other than by reason of Disability) to faithfully and professionally carry out the Participant's duties to the Company or any Related Entity, (ii) the Participant's dishonesty, willful misconduct or gross negligence in connection with the Participant's performance of his or her duties to the Company or any Related Entity, (iii) the Participant's commission of a crime involving dishonesty, breach of trust or moral turpitude, or (iv) the Participant's insobriety or illegal use of drugs, chemicals or controlled substances; provided, further, that with regard to any agreement that defines "Cause" on the occurrence of or in connection with a Change of Control, such definition of "Cause" shall not apply until a Change of Control is actually consummated.

(j) “*Change of Control*” of the Company means the occurrence of any of the following events or circumstances:

(i) any “person” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), including a “group” within the meaning of such Section 13(d) (but excluding the Company and any of its Subsidiaries and any employee benefit plan sponsored or maintained by the Company or any of its Subsidiaries), shall become the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of directors (“*Company Voting Securities*”);

(ii) the consummation of a merger or consolidation involving the Company, or the acceptance by the stockholders of the Company of equity securities in a share exchange, where the persons who were the beneficial owners of the Company Voting Securities outstanding immediately prior to such merger, consolidation or share exchange, do not beneficially own, directly or indirectly, immediately after such merger, consolidation or share exchange, securities representing more than fifty percent (50%) of the combined voting power of the then outstanding Company Voting Securities or voting securities of the Acquiring Company in such merger, consolidation or share exchange, in substantially the same proportions as their ownership of the Company Voting Securities immediately prior to such merger, consolidation or share exchange;

(iii) a sale, exchange or other disposition or transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company; provided, however, that a Change of Control shall not be deemed to have occurred where:

(A) the Company sells, exchanges or otherwise disposes of or transfers all or substantially all of its assets to another corporation which is beneficially owned, directly or indirectly, immediately following such transaction by the holders of Company Voting Securities in substantially the same proportion as their ownership of the Company Voting Securities immediately prior to such transaction; and (B) such corporation expressly Assumes all outstanding Awards; or

(iv) such time as the Continuing Directors (as defined below) do not constitute at least a majority of the Board (or, if applicable, the board of directors of an Acquiring Company), where the term “*Continuing Director*” means at any date a member of the Board who was: (A) a member of the Board on the date of adoption of the Plan by the Board; or (B) nominated or elected subsequent to the date of adoption of the Plan by the Board by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election (it being understood that no individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person or entity other than the Board shall be a Continuing Director); provided, however, that the events described in this clause (iv) shall not constitute a Change of Control with respect to any Senior Executive Long Term Incentive Restricted Stock Unit.

(k) “*Closing Fair Market Value*” means, with respect to Senior Executive Long Term Incentive Restricted Stock Units, the average closing price of the Common Stock as quoted on the principal exchange or system on which the Common Stock is then-listed for the last twenty (20) trading days of the Performance Period.

(l) “*Code*” means the Internal Revenue Code of 1986, as amended.

(m) “*Committee*” means two or more Non-Employee Directors designated by the Board to administer the Plan under Section 3, each member of which shall be (i) an independent director within the meaning of the rules and regulations of the NASDAQ Stock Market, LLC, (ii) a non-employee director within the meaning of Exchange Act Rule 16b-3 and, (iii) an outside director for purposes of Code Section 162(m). “*Committee*” shall also mean the Board in the event the Board takes action hereunder, provided that, at the time of taking such action, the Board is comprised of a majority of directors who meet the criteria set forth in clauses “(i)” through “(iii)” above.

(n) “*Common Stock*” means the common stock of the Company.

(o) “*Company*” means Mitek Systems, Inc., a Delaware corporation, or any Acquiring Company that Assumes outstanding Awards and/or adopts the Plan in connection with a Change of Control.

(p) “*Consultant*” means any person (other than an Employee or a Director, solely with respect to rendering services in such person’s capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(q) “*Continuous Service*” means that the provision of services by an individual to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation by the individual providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any Acquiring Company, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company, a Related Entity or an Acquiring Company in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). Notwithstanding the foregoing, except as otherwise determined by the Committee, in the event of any spin-off of a Related Entity, service as an Employee, Director or Consultant for such Related Entity following such spin-off shall be deemed to be Continuous Service for purposes of the Plan and any Award under the Plan. An approved leave of absence shall include sick leave, military leave, or any other personal leave authorized by the Company. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds three (3) months, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the first (1st) day following the expiration of such three (3) month period.

(r) “*Covered Employee*” means an Employee who is a “covered employee” under Section 162(m)(3) of the Code.

(s) “*Director*” means a member of the Board or the board of directors of any Related Entity.

(t) “*Disability*” shall be as defined under the long-term disability policy of the Company or the Related Entity to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Company or the Related Entity to which the Participant provides service does not have a long-term disability plan in place, “Disability” means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion or the Committee makes such determination in its reasonable discretion.

(u) “*Employee*” means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment by the Company or a Related Entity of a director’s fee to an individual shall not be sufficient to constitute “in the employ” by the Company.

(v) “*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

(w) “*Fair Market Value*” means, except as otherwise provided pursuant to Section 6(e), as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on one or more established stock exchanges or national market systems, including without limitation The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market of The NASDAQ Stock Market LLC, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Common Stock is listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Committee in good faith.

(x) “*Good Reason*” means with respect to Senior Executive Long Term Incentive Restricted Stock Units only, any one or more of the following events or conditions without the senior executive’s written consent:

(i) the Company relocating its office at which the Participant is principally employed on the date of the grant of Senior Executive Long Term Incentive Restricted Stock Units to a location which is more than fifty (50) miles from both the Participant’s residence and the offices of the Company at which Participant is principally employed on the date of the grant of Senior Executive Long Term Incentive Restricted Stock Units, and that reassignment materially and adversely affects the Participant’s commute based on Participant’s principal place of employment and residence immediately prior to the time such relocation is announced;

(ii) a material diminution in Participant’s duties or responsibilities or conditions of employment from those in effect on the date of the grant of Senior Executive Long Term Incentive Restricted Stock Units; or

(iii) a reduction or reductions which, in the aggregate, is more than 10% of Participant’s base salary in effect when any reduction is first imposed without Participant’s consent (other than such a reduction or reductions applicable generally to similarly situated senior executives of the Company).

Provided, however, that before Participant shall be entitled to terminate his or her employment for Good Reason, (i) Participant must provide the Company with written notice of the Participant’s intent to terminate his or her employment and a description of the event the Participant believes constitutes Good Reason within 30 days after the initial existence of the event, and (ii) the Company shall have 30 days after Participant provides the notice described above to cure the default that constitutes Good Reason (the “*Cure Period*”). The Participant will have 10 days following the end of the Cure Period (if the Company has not cured the event that otherwise constituted Good Reason) to terminate Participant’s employment, after which “Good Reason” will no longer be deemed to exist based on such event.

(y) “*Incentive Stock Option*” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(z) “*Management Objectives*” means the measurable performance objective or objectives established by the Committee pursuant to the Plan for Participants who have received grants of Senior Executive Plan Bonuses, or, when so determined by the Committee, Options, SARs, Restricted Stock, Restricted Stock Units, cash and other Awards pursuant to the Plan. Management Objectives may be described in terms of Company-wide objectives, objectives that are related to the performance of the individual Participant or of a Related Entity, division, department or function within the Company or a Related Entity or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. Without limiting the generality of the foregoing, the Management Objectives applicable to any Award to a Covered Employee which is intended to be deductible as Performance-Based Compensation under Section 162(m) of the Code will be based on specified levels of, or relative peer company, performance in any one or more of the following objectives, or any combination thereof, as determined by the Committee in their sole discretion: (i) appreciation in and/or maintenance of the price of the Shares or any other publicly-traded securities of the Company, (ii) earnings or loss per share, (iii) total stockholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets or net assets, (viii) return on investment, (ix) operating income, (x) net operating income, (xi) pre-tax profit, (xii) cash flow or cash flow per share (before or after dividends), (xiii) revenue, (xiv) improvement in or attainment of expense levels or working capital levels, including cash, inventory and accounts receivable, (xv) earnings or losses (including earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation, amortization, stock compensation, non-recurring charges and non-cash or other charges), (xvi) economic value added, (xvii) market share, (xviii) relative or absolute share price, (xix) pro forma net income, (xx) customer orders, (xxi) gross or net revenues, (xxii) revenue growth or product revenue growth, (xxiii) operating income (before or after taxes), (xxiv) pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus), (xxv) net income or loss (before or after taxes), (xxvi) return on equity, (xxvii) attainment of strategic and operational initiatives, (xxviii) comparisons with various stock market indices, (xxix) implementation, completion or attainment of measurable objectives with respect to research, development, commercialization, products or projects, acquisitions and divestitures, (xxx) factoring transactions and recruiting and maintaining personnel, (xxxi) gross profits, (xxxii) economic value-added models or equivalent metrics, (xxxiii) reductions in costs, (xxxiv) sales or licenses of the Company’s assets, including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions), (xxxv) return on capital (including return on total capital or return on invested capital), (xxxvi) cash flow return on investment, (xxxvii) year-end cash, (xxxviii) cash margin, (xxxix) debt reduction, (xl) stockholders equity, (xli) operating efficiencies, (xlii) research and development achievements, (xliii) strategic partnerships or transactions (including in-licensing

and out-licensing of intellectual property), (xlv) co-development, co-marketing, profit sharing, joint venture or other similar arrangements, (xlv) financial ratios, including those measuring liquidity, activity, profitability or leverage, (xlvii) cost of capital or assets under management, (xlvii) financing and other capital raising transactions (including sales of the Company's equity or debt securities), (xlviii) factoring transactions, and (xlix) establishing relationships with commercial entities with respect to the marketing, distribution and sale of the Company's products (including with group purchasing organizations, distributors and other vendors). Such Management Objectives or other performance criteria shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, and the regulations promulgated thereunder. Notwithstanding the attainment of any Management Objectives established by the Committee, the Committee may in its sole and absolute discretion reduce the amount of any Award to be granted to a Participant.

(aa) "*Non-Employee Director*" means a member of the Board who is not an Employee.

(bb) "*Non-Qualified Stock Option*" means an Option not intended to qualify as an Incentive Stock Option.

(cc) "*Officer*" means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(dd) "*Option*" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(ee) "*Parent*" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ff) "*Participant*" means an Employee, Director or Consultant who receives an Award under the Plan.

(gg) "*Performance-Based Compensation*" means compensation qualifying as "performance-based compensation" under Section 162(m) of the Code.

(hh) "*Performance Period*" means, (i) in respect of Senior Executive Long Term Incentive Restricted Stock Units, the period of time commencing on March 1, 2017 and ending twenty-five (25) trading days after the first filing of an Annual Report on Form 10-K or a Quarterly Report on Form 10-Q by the Company following September 30, 2019 or (ii) in respect of a Senior Executive Plan Bonus, a period of time established pursuant to Section 6(f) within which the Management Objectives or other performance criteria are to be achieved.

(ii) "*Plan*" means this 2012 Incentive Plan.

(jj) "*Previous Plans*" means the Company's 1999 Stock Option Plan, the Company's 2000 Stock Option Plan, the Company's 2002 Stock Option Plan, the Company's 2006 Stock Option Plan and the Company's 2010 Stock Option Plan.

(kk) "*Proceeds Per Share*" means the fair market value, as determined in good faith by the Committee, of the consideration to be received per Share by the stockholders of the Company upon occurrence of a Change of Control except that, in the event of a Change of Control under Section 2(j)(iii), "Proceeds Per Share" shall mean the fair market value, as determined in good faith by the Committee, of the consideration that would be distributable to stockholders of the Company if the Company distributed all of the consideration received in connection with such Change of Control to the stockholders of the Company, less adjustments for debt, expenses and other amounts as determined by the Committee.

(ll) "*Related Entity*" means any Parent or Subsidiary of the Company.

(mm) "*Replaced*" means that pursuant to a Change of Control, an Award is replaced with a stock award or a cash incentive program of the Company, the Acquiring Company (if applicable) or Parent of any of them which provides for subsequent payout in accordance with the same (or a more favorable) vesting schedule applicable to such Award.

(nn) "*Restricted Stock*" means Shares issued under the Plan to the Participant for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Committee.

(oo) "*Restricted Stock Units*" means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Committee and which may be settled for cash, Shares or

other securities or a combination of cash, Shares or other securities as established by the Committee, including, for the sake of clarity, Senior Executive Long Term Incentive Restricted Stock Units.

(pp) “*Rule 16b-3*” means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(qq) “*SAR*” means a stock appreciation right entitling the Participant to Shares or cash compensation, as established by the Committee, measured by appreciation in the value of Common Stock.

(rr) “*Section 409A*” means Section 409A of the Code.

(ss) “*Senior Executive Long Term Incentive Restricted Stock Units*” means an award of Restricted Stock Units made pursuant to and subject to the conditions set forth in Section 6(e).

(tt) “*Senior Executive Plan Bonus*” means an award of annual incentive compensation made pursuant to and subject to the conditions set forth in Section 6(f).

(uu) “*Share*” means a share of the Common Stock.

(vv) “*Subsidiary*” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ww) “*Termination Without Cause*” means a termination of Participant’s status as an Employee of the Company for reasons other than death, Disability or Cause.

3. Administration of the Plan.

(a) *Administration.* The authority to control and manage the operations and administration of the Plan shall be vested in the Committee in accordance with this Section 3.

(b) *Acts of the Committee; Delegation.* A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee, and any act of a majority of the members present at any meeting at which a quorum is present or any act unanimously approved in writing by all members of the Committee shall be the act of the Committee. Any such action of the Committee shall be valid and effective, and any Award granted in a manner inconsistent with the provisions of this subsection (b) shall be presumptively valid as of its grant date to the extent permitted by Applicable Laws, even if the members of the Committee at the time of such action are later determined not to have satisfied all of the criteria for Committee membership set forth in clauses “(i)” through “(iii)” of Section 2(m). To the extent not inconsistent with Applicable Laws or stock exchange rules, the Committee may delegate all or any portion of its authority under the Plan to any one or more of its members or, as to Awards to Participants who are not subject to Section 16 of the Exchange Act, to one or more executive officers of the Company. The Committee may also delegate non-discretionary administrative responsibilities in connection with the Plan to such other persons as it deems advisable.

(c) *Powers of the Committee.* Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Committee hereunder), and except as otherwise provided by the Board, the Committee shall have the authority, in its sole discretion, to:

(i) determine whether and to what extent Awards are granted hereunder;

(ii) select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(iii) determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) approve forms of Award Agreements for use under the Plan;

(v) determine the terms and conditions of any Award granted hereunder;

(vi) amend the terms of any outstanding Award granted hereunder; provided that (A) any amendment not expressly permitted by this Plan that would adversely affect the Participant’s rights under an outstanding Award

shall not be made without the Participant's written consent; provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Qualified Stock Option shall not be treated as adversely affecting the rights of the Participant, (B) the reduction of the exercise price of any Option awarded under the Plan or the base appreciation amount of any SAR awarded under the Plan shall be subject to stockholder approval, and (C) canceling an Option or SAR at a time when its exercise price or base appreciation amount, as applicable, exceeds the Fair Market Value of the underlying Shares, in exchange for another Option, SAR, Restricted Stock, cash or other Award shall be subject to stockholder approval, unless such cancellation and exchange occurs in connection with a Change of Control. Notwithstanding the foregoing, canceling an Option or SAR in exchange for another Option, SAR, Restricted Stock or other Award with an exercise price, purchase price or base appreciation amount, as applicable, that is equal to or greater than the exercise price or base appreciation amount, as applicable, of the original Option or SAR shall not be subject to stockholder approval;

(vii) construe and interpret the terms of the Plan and Awards granted pursuant to the Plan, including, without limitation, any notice of Award or Award Agreement;

(viii) grant Awards to Employees, Directors and Consultants employed outside the United States on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to further the purpose of the Plan; and

(ix) take such other action, not inconsistent with the terms of the Plan, as the Committee deems appropriate.

In addition to the foregoing, the Committee shall have the discretion to interpret or construe ambiguous, unclear or implied (but omitted) terms in any fashion it deems to be appropriate, in its sole discretion, and to make any findings of fact necessary in connection with the administration of the Plan or Award Agreements. The Committee's prior exercise of its discretionary authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee's interpretation and construction of any provision of the Plan, or of any Award or Award Agreement, and all determinations made by the Committee pursuant to the Plan shall be final, binding and conclusive. The validity of any such interpretation, construction, determination or finding of fact shall not be given de novo review if challenged in court, by arbitration or in any other forum, and shall be upheld unless clearly made in bad faith or materially affected by fraud.

The express grant in the Plan of any specific power to the Committee shall not be construed as limiting any power or authority of the Committee; provided, however, that the Committee may not exercise any right or power reserved to the Board (unless the Board is acting as the Committee with respect thereto). Any decision made or action taken by the Committee or in connection with the administration of this Plan shall be final, conclusive and binding on all persons having an interest in the Plan.

(d) *Indemnification.* In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Committee or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law or by the Company's certificate of incorporation, bylaws or contractual arrangements between the Company or a Related Entity and such persons.

4. *Stock Subject to the Plan.*

(a) *Maximum Number of Shares and Other Limits.* Subject to the provisions of Section 12 herein, the maximum aggregate number of Shares which may be issued pursuant to all Awards is (i) 9,500,000 Shares (the "*Initial Shares*"), plus (ii) that number of Shares that would otherwise return to the available pool of unissued shares reserved for awards under each of the Company's Previous Plans as a result of forfeiture, cancellation or expiration of awards previously granted (ignoring the termination or expiration of such plans for the purpose of determining the number of shares available under the Plan). Of the Initial Shares, (i) 2,100,000 are reserved for issuance pursuant to Senior Executive Long Term Incentive Restricted Stock Units granted or to be granted under Section 6(e) and may not be issued pursuant to any other form of Award and (ii) no more than 2,100,000 of the Initial Shares may be issued pursuant to Senior Executive Long Term Incentive Restricted Stock Units granted or to be granted under Section 6(e). The Shares to be issued pursuant to Awards may be authorized, but unissued, or reacquired Common Stock.

(b) *Shares Available for Future Issuance.* Any Shares covered by an Award (or portion of an Award) which are forfeited, canceled or expires (whether voluntarily or involuntarily) or issued (e.g., as substitution awards or inducement grants) pursuant to Section 7(a)(i) below, shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan; provided, however, for the sake of clarity, any Shares covered

by a Senior Executive Long Term Incentive Restricted Stock Unit that is forfeited or canceled shall only be available for future issuance with respect to grants of additional Senior Executive Long Term Incentive Restricted Stock Units that are made prior to March 1, 2018. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan. Notwithstanding anything to the contrary contained herein: (i) Shares tendered or withheld in payment of an Option exercise price shall not be returned to the Plan and shall not become available for future issuance under the Plan; (ii) Shares withheld by the Company to satisfy any tax withholding obligation shall not be returned to the Plan and shall not become available for future issuance under the Plan; and (iii) all Shares covered by the portion of a SAR that is exercised (whether or not such Shares are actually issued to the Participant upon exercise of the SAR) shall be considered issued pursuant to the Plan.

(c) *Effect of Plans Operated by Acquired Companies.* If a company or other entity acquired by the Company or any Subsidiary of the Company, or with which the Company or any Subsidiary of the Company merges or otherwise combines, has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition, merger or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition, merger or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition, merger or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan. Awards using such available shares shall not be made after the date that awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Non-Employee Directors prior to such acquisition or combination.

(d) *No Fractional Shares.* Unless otherwise determined by the Committee, the number of Shares subject to an Award shall always be a whole number. No fractional Shares may be issued under the Plan, but the Committee may, in its discretion, pay cash in lieu of any fractional Share in settlement of an Award.

5. *Eligibility.* Awards, other than Incentive Stock Options, Senior Executive Long Term Incentive Restricted Stock Units, and Senior Executive Plan Bonuses, may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company or a Related Entity. Senior Executive Plan Bonuses may be granted only to Covered Employees. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in non-U.S. jurisdictions as the Committee may determine from time to time. Senior Executive Long Term Incentive Restricted Stock Units may be granted only to senior executive officers of the Company. Except as set forth in Section 6(e), a senior executive officer of the Company who has been granted Senior Executive Long Term Incentive Restricted Stock Units may, if otherwise eligible, be granted additional Senior Executive Long Term Incentive Restricted Stock Units. No Senior Executive Long Term Incentive Restricted Stock Units may be granted after March 1, 2018.

6. *Types of Awards.*

(a) *Options.* The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant of Options. Each such grant shall (unless otherwise determined by the Committee or unless otherwise set forth in an individual Award Agreement) be subject to the following provisions:

(i) Each grant of Options will be evidenced by an Award Agreement. Each Award Agreement will be subject to the Plan and will contain such terms and provisions, consistent with the Plan, as the Committee may approve from time to time.

(ii) Each grant of Options will specify the number of Shares to which it pertains.

(iii) The Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, an Option will qualify as an Incentive Stock Option under the Code only to the extent the \$100,000 limitation of Section 422(d) of the Code is not exceeded. The \$100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Participant during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option. To the extent an Option issued to a Participant exceeds this limit, the Option will be treated as a Non-Qualified Stock Option.

(iv) Each grant of Options will specify the per Share exercise price, which may not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant; provided, however, that in the case of an Incentive Stock Option granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Related Entity, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(v) Each grant of Options will specify the vesting period before the Options or installments thereof will become exercisable.

(vi) A grant of Options may provide for the accelerated vesting and exercisability of all or a portion of such Options in the event of the retirement, death, Disability or other termination of the Participant's service or a Change of Control (or other similar transaction or event).

(vii) A grant of Options may specify Management Objectives or other performance criteria that must be achieved as a condition to the exercise of such Options or that may result in the accelerated vesting of such Options.

(viii) The term of each Option shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Participant who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(ix) Each Participant that receives Options is responsible for complying with all laws and regulations applicable to recipients and holders of Options, including any applicable federal or state securities laws, and any Company policy or procedure that pertains to the trading of the Company's securities.

(x) An Option may, but need not, include a provision whereby the Participant may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Option prior to full vesting of the Option. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Committee determines to be appropriate.

(b) SARs. The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant of SARs. Each such grant shall (unless otherwise determined by the Committee or unless otherwise set forth in an individual Award Agreement) be subject to the following provisions:

(i) Each grant of SARs will be evidenced by an Award Agreement, which will be subject to the Plan, describe such SARs and contain such terms and provisions, consistent with the Plan, as the Committee may approve from time to time.

(ii) Each grant of SARs will specify the number of Shares to which it pertains.

(iii) Each grant of SARs will specify the base appreciation amount, which may not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) A grant of SARs may specify that the amount payable upon exercise of a SAR may not exceed a maximum amount specified by the Committee at the date of grant.

(v) A grant of SARs may specify waiting periods before exercise and permissible exercise dates or periods.

(vi) A grant of SARs may provide that the exercisability of a SAR may be accelerated in whole or in part in the event of the retirement, death, Disability or other termination of the Participant's service or a Change of Control (or other similar transaction or event).

(vii) A grant of SARs may specify Management Objectives or other performance criteria that must be achieved as a condition to the exercise of such SARs or that may result in the accelerated exercisability of such SARs.

(viii) The term of each SAR shall be no more than ten (10) years from the date of grant thereof.

(c) *Restricted Stock*. The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant to Participants of Restricted Stock. Each such grant shall (unless otherwise determined by the Committee or unless otherwise set forth in an individual Award Agreement) be subject to the following provisions:

(i) Each grant of Restricted Stock will be evidenced by an Award Agreement which will be subject to the Plan and will contain such terms and provisions, consistent with the Plan, as the Committee may approve from time to time. Unless otherwise directed by the Committee, all Restricted Stock will be held in custody by the Company or its transfer agent and registrar until all restrictions thereon have lapsed.

(ii) Each grant of Restricted Stock will specify the number of Shares to which it pertains.

(iii) Each grant of Restricted Stock will specify the period that must be satisfied before the restrictions pertaining to such grant or sale of Restricted Stock will lapse and the Restricted Stock will become vested, and/or may provide that all or a portion of the restrictions pertaining to such Restricted Stock will lapse upon achievement of Management Objectives or other performance criteria.

(iv) Each grant of Restricted Stock will provide that, during the period for which the risk of forfeiture continues, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Committee at the date of grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture in the hands of any transferee).

(v) A grant of Restricted Stock may provide for the accelerated vesting of such Restricted Stock in whole or in part in the event of the retirement, death, Disability or other termination of the Participant's service or a Change of Control (or other similar transaction or event).

(d) *Restricted Stock Units*. The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant to Participants of Restricted Stock Units. Except as otherwise provided in Section 6(e) below, each such grant shall (unless otherwise determined by the Committee or unless otherwise set forth in an individual Award Agreement) be subject to the following provisions:

(i) Each grant of Restricted Stock Units will be evidenced by an Award Agreement which will be subject to the Plan and will contain such terms and provisions, consistent with the Plan, as the Committee may approve from time to time.

(ii) Each grant of Restricted Stock Units will specify the number of Shares to which it pertains.

(iii) A grant of Restricted Stock Units may provide for the accelerated vesting of such Restricted Stock Units in whole or in part in the event of the retirement, death, Disability or other termination of the Participant's service or a Change of Control (or other similar transaction or event).

(iv) A grant of Restricted Stock Units may specify, in respect of Management Objectives or other performance criteria, a minimum acceptable level of achievement and may set forth a formula for determining the number of Restricted Stock Units that will vest if performance is at or above the minimum level, but falls short of maximum achievement of the specified Management Objectives or other performance criteria.

(v) A Participant that receives Restricted Stock Units will have no rights of ownership in such Restricted Stock Units and will have no right to vote the Shares underlying such Restricted Stock Units.

(e) *Senior Executive Long Term Incentive Restricted Stock Units*. The Committee may, from time to time and upon such terms and conditions as it may determine, subject to the limitations set forth in Section 5, authorize the grant to senior executive officers of the Company of Senior Executive Long Term Incentive Restricted Stock Units. Notwithstanding anything to the contrary set forth herein, the senior executive officers who received Initial Grants pursuant to Section 6(e)(vi) may not receive additional grants of Senior Executive Long Term Incentive Restricted Stock Units. Each such grant shall (unless otherwise determined by the Committee or unless otherwise set forth in an individual Award Agreement) be subject to the following provisions:

(i) Each grant of Senior Executive Long Term Incentive Restricted Stock Units will be evidenced by an Award Agreement that will be subject to the Plan and will contain such terms and provisions, consistent with the Plan, as the Committee may approve from time to time.

(ii) Each grant of Senior Executive Long Term Incentive Restricted Stock Units will specify the target number of Shares to which it pertains and will further specify a target value (in dollars), which will also represent the maximum value (in dollars), that may be awarded in connection with the vesting of Senior Executive Long Term Incentive Restricted Stock Units based on (a) the Closing Fair Market Value or (b) the Proceeds Per Share on a Change of Control, in each case, as applicable.

(iii) The number of Senior Executive Long Term Incentive Restricted Stock Units that are potentially subject to vesting for any specific senior executive shall be determined at the end of the Performance Period or immediately prior to (but contingent on) the consummation of a Change of Control by first determining the dollar value of the Award by reference to the following table (by multiplying the target value set forth in such senior executive's Award Agreement by the applicable percentage) and then dividing that amount by the Closing Fair Market Value or Proceeds Per Share, as applicable (the resulting number of Senior Executive Long Term Incentive Restricted Stock Units being referred to as the "*Calculated Restricted Stock Units*"):

Closing Fair Market Value or the Proceeds Per Share on a Change of Control that occurs during the Performance Period	Percent of Target Value (in dollars) Subject to Vesting if Benchmark Performance Met	Percent of Target Value (in dollars) Subject to Vesting if Benchmark Performance Not Met
Less than \$16	—%	—%
\$ 16	50%	25%
\$20 or greater	100%	50%

If the Closing Fair Market Value or the Proceeds Per Share on a Change of Control that occurs during the Performance Period is between \$16.00 and \$20.00, the dollar value of the award shall be determined based on straight line interpolation.

(iv) 50% of any Calculated Restricted Stock Units determined at the end of the Performance Period will convert into unrestricted Shares of Common Stock (one Share per Senior Executive Long Term Incentive Restricted Stock Unit), subject to the senior executive officer's Continuous Service through the end of the Performance Period. The remaining 50% of such Calculated Restricted Stock Units will vest subject to the senior executive officer's Continuous Service through the one-year anniversary of the end of the Performance Period (the "*Deferred Vesting Restricted Stock Units*"). 100% of any Calculated Restricted Stock Units determined in connection with a Change of Control will vest, subject to the senior executive officer's Continuous Service through the consummation of the Change of Control and shall either (i) be converted into unrestricted Shares of Common Stock (one Share per Senior Executive Long Term Incentive Restricted Stock Unit) immediately prior to (but contingent upon) the consummation of a Change of Control or (ii) be cancelled in connection with the consummation of a Change of Control in exchange for a payment to the senior executive officer for each such vested Senior Executive Long Term Incentive Restricted Stock Unit equal to the Proceeds Per Share, as determined by the Committee, such payment to be made within 30 days of the consummation of the Change of Control.

(v) A senior executive officer who receives Senior Executive Long Term Incentive Restricted Stock Units will have no rights of ownership in the Shares underlying such Senior Executive Long Term Incentive Restricted Stock Units and will have no right to vote the Shares underlying such Senior Executive Long Term Incentive Restricted Stock Units. A senior executive officer will not receive dividends with respect to Senior Executive Long Term Incentive Restricted Stock Units.

(vi) The initial grants of Senior Executive Long Term Incentive Restricted Stock Units under this Section 6(e) (“*Initial Grants*”) shall be as follows:

Name	Target Value	Target Number of RSUs
James B. DeBello	\$ 12,000,000	600,000
Stephen Ritter	\$ 8,000,000	400,000
Russell C. Clark	\$ 6,000,000	300,000
Total Initial Grants	\$ 26,000,000.00	1,300,000

If stockholder approval in accordance with Section 22 below is not obtained, all Senior Executive Long Term Incentive Restricted Stock Units granted under this Section 6(e), including the Initial Grants, shall be null and void.

(vii) Notwithstanding anything to the contrary herein including, for the avoidance of doubt, Section 9 below, the following provisions shall apply to Senior Executive Long Term Incentive Restricted Stock Units in the event of a senior executive officer’s death, Disability, termination or resignation:

(A) *Death; Disability; Termination Without Cause; Resignation for Good Reason.* If a senior executive officer’s employment is terminated by virtue of the senior executive officer’s death, or if a senior executive officer’s employment is terminated by the Company on account of the senior executive officer’s Disability or without Cause, or if a senior executive officer’s employment is terminated by the senior executive officer for Good Reason (each, a “*Qualifying Termination*”), in each case following at least one year of Continuous Service during the Performance Period, then the number of Senior Executive Long Term Incentive Restricted Stock Units earned, if any, shall be determined by multiplying (i) the number of Senior Executive Long Term Incentive Restricted Stock Units that would have been earned based on actual performance as of the end of the Performance Period as if the senior executive officer had remained employed through the one-year anniversary of the Performance Period determined under Sections 6(e)(iii) and 6(e)(iv) by (ii) a fraction, the numerator of which is the number of days in the Performance Period preceding the employment termination date and the denominator of which is the actual number of days in the Performance Period. Furthermore, if a senior executive officer experiences a Qualifying Termination following the end of the Performance Period, any Deferred Vesting Restricted Stock Units shall vest in full.

(B) *Subsequent Change of Control.* If a Change of Control occurs following a Qualifying Termination of a senior executive officer’s employment after more than one year of Continuous Service during the Performance Period but prior to the end of the Performance Period, then the number of Senior Executive Long Term Incentive Restricted Stock Units earned, if any, shall be determined under this Section 6(e)(vii)(B) instead of Section 6(e)(vii)(A) by multiplying (i) the number of Senior Executive Long Term Incentive Restricted Stock Units that would have been earned determined under Section 6(e)(iii) based on the Proceeds Per Share by (ii) a fraction, the numerator of which is the number of days in the Performance Period preceding the date of the Qualifying Termination and the denominator of which is the actual number of days in the Performance Period. If a Change of Control occurs following the end of the Performance Period, any Deferred Vesting Restricted Stock Units shall vest in full and be settled in accordance with subsection (i) or (ii) of Section 6(e)(iv) above.

(C) *Termination for Cause; Resignation without Good Reason.* A senior executive officer who is terminated for Cause or who resigns without Good Reason shall, unless otherwise determined by the Committee, immediately forfeit, effective as of the date the senior executive officer engages in such conduct giving rise to his or her termination for Cause or the date of the senior executive officer’s resignation without Good Reason, all unearned and/or unpaid Senior Executive Long Term Incentive Restricted Stock Units, including without limitation, Senior Executive Long Term Incentive Restricted Stock Units earned but not yet paid, if any, accrued on the foregoing.

(f) *Senior Executive Plan Bonuses.* The Committee may from time to time authorize the payment of annual incentive compensation to a Participant who is a Covered Employee, which incentive compensation will become payable upon achievement of specified Management Objectives. Senior Executive Plan Bonuses will be payable upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(i) No later than ninety (90) days after the first day of the Performance Period, the Committee will specify the Management Objectives that, if achieved, will result in the payment of a Senior Executive Plan Bonus for such Performance Period.

(ii) Following the close of the Performance Period, the Committee will certify in writing whether the specified Management Objectives have been achieved. Approved minutes of a meeting of the Committee at which such certification is made will be treated as written certification for this purpose. The Committee will also specify the time and manner of payment of a Senior Executive Plan Bonus that becomes payable, which payment may be made in (i) cash, (ii) Common Stock having an aggregate Fair Market Value equal to the aggregate value of the Senior Executive Plan Bonus which has become payable, or (iii) any combination thereof, as determined by the Committee in its discretion at the time of payment.

(iii) The Committee may provide that, if a Change of Control of the Company occurs during a Performance Period, the Senior Executive Plan Bonus payable to each Participant for the Performance Period will be determined at the highest level of achievement of the Management Objectives, without regard to actual performance and without proration for less than a full Performance Period. In such event, the Senior Executive Plan Bonus will be paid at such time following the Change of Control as the Committee determines in its discretion, but in no event later than thirty (30) days after the date of an event which results in a Change of Control.

(iv) Each grant may be evidenced by an Award Agreement, which will contain such terms and provisions as the Committee may determine consistent with the Plan, including without limitation provisions relating to the Participant's termination of employment by reason of retirement, death, Disability or otherwise.

(v) Notwithstanding any contrary provision of the Plan, the Committee may, in its sole discretion and for any reason or no reason, eliminate or reduce the amount of a Senior Executive Plan Bonus which would otherwise be payable under the Plan, but shall not have the right to increase the amount of a Senior Executive Plan Bonus above that which would otherwise be available under the Plan.

7. Terms and Conditions of Awards.

(a) Acquisitions and Other Transactions.

(i) *In General.* To the extent permitted by Applicable Laws, the Committee may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity engaging in an acquisition or merger (e.g., as currently permitted under NASDAQ Listing Rule 5635(c)(3) and NASDAQ IM-5635-1) and may issue Awards under the Plan as inducement awards (e.g., as currently permitted under NASDAQ Listing Rule 5635(c)(4) and NASDAQ IM-5635-1) and such Awards shall not count against the Share reserve under the Plan described in Section 4(a). In the case of an Award issued pursuant to this Section 7(a)(i), the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(ii) *Other Acquisitions and Transactions.* To the extent permitted by Applicable Laws, the Committee may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction not described in Section 7(a)(i). In the case of an Award issued pursuant to this Section 7(a)(ii), the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award. To the extent required by Applicable Laws, such grants shall count against the Share reserve under the Plan described in Section 4(a).

(b) *Deferral of Award Payment.* The Committee may establish one or more programs under the Plan to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Participant to payment or receipt of Shares or other consideration under an Award. The Committee may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Committee deems advisable for the administration of any such deferral program.

(c) *Separate Programs; Individual Limitations on Non-Cash Awards.* The Committee may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Participants on such terms and conditions as determined by the Committee from time to time. The maximum number of Shares with respect to which a participant may be granted Options, SARs, Restricted Stock and/or Restricted Stock Units in any calendar year shall be equal to the Initial Shares, less the Initial Shares reserved for issuance pursuant to Senior Executive Long Term Incentive Restricted Stock Units. The maximum number of Shares with respect to which a senior executive officer may

be granted Senior Executive Long Term Incentive Restricted Stock Units in the aggregate shall be equal to 600,000 Shares. The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 12 below. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitations with respect to a Participant, if any Award is canceled, the canceled Award shall continue to count against the maximum number of Shares with respect to which Awards may be granted to the Participant. If the vesting or receipt of Shares under an Award is deferred to a later date, any amount (whether denominated in Shares or cash) paid in addition to the original number of Shares subject to such Award will not be treated as an increase in the number of Shares subject to the Award (but any such amount paid in Shares will be counted against the total Shares available under the Plan) if the additional amount is based either on a reasonable rate of interest or on one or more predetermined actual investments such that the amount payable by the Company at the later date will be based on the actual rate of return of a specific investment (including any decrease as well as any increase in the value of an investment).

(d) *Individual Limitations on Cash Awards.*

(i) *Individual Limit for Senior Executive Plan Bonuses.* For awards of Senior Executive Plan Bonuses, the maximum amount with respect to which such Awards may be granted to any Participant in any calendar year shall be \$1,000,000.

(ii) *Individual Limit for Cash Awards.* For awards of cash, the maximum amount with respect to which such Awards may be granted to any Participant in any calendar year shall be \$1,000,000.

(e) *Transferability of Awards.* Except as otherwise permitted by the Committee or as otherwise provided herein, Awards may not be pledged, assigned, hypothecated or transferred in any manner (whether by operation of law or otherwise), other than by will or by the laws of descent or distribution, and may be exercised during the lifetime of the Participant only by the Participant. Notwithstanding the foregoing, the Participant may designate one or more beneficiaries of the Participant's Award in the event of the Participant's death on a beneficiary designation form provided by the Committee.

(f) *Limited Exception to Nontransferability.* Notwithstanding Section 7(e), the Committee may determine that a Non-Qualified Stock Option may be transferred by a Participant to one or more members of such Participant's immediate family, to a partnership of which the only partners are members of such Participant's immediate family, or to a trust established by a Participant for the benefit of one or more members of such Participant's immediate family. For this purpose, "immediate family" means a Participant's spouse, parents, children, grandchildren and the spouses of such parents, children and grandchildren. A transferee described in this Section 7(f) may not further transfer such Non-Qualified Stock Option. A trust described in this Section 7(f) may not be amended to benefit any person other than a member of the Participant's immediate family. A Non-Qualified Stock Option transferred pursuant to this Section 7(f) shall remain subject to the provisions of the Plan, including, but not limited to, the provisions of Section 9 relating to the effect on the Non-Qualified Stock Option of the termination of employment, Disability or death of the Participant, and shall be subject to such other rules as the Committee shall determine.

(g) *Time of Granting Awards.* The date of grant of an Award shall for all purposes be the date on which the Committee makes the determination to grant such Award, or such other date as is determined by the Committee.

(h) *Dividend Equivalents.* Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award other than an Option, SAR, or Senior Executive Long Term Incentive Restricted Stock Unit may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, amounts equivalent to cash, stock or other property dividends on Shares ("*Dividend Equivalents*") with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion. The Committee may provide that the Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested and may provide that the Dividend Equivalents are subject to the same vesting or performance conditions as the underlying Award. Notwithstanding the foregoing, Dividend Equivalents distributed in connection with an Award that vests based on the achievement of Management Objectives or other performance criteria shall be subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such cash, stock or other property has been distributed.

8. *Consideration and Taxes.*

(a) *Consideration.* Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award, including the method of payment, shall be determined by the Committee. In addition to any other types of consideration the Committee may determine, the Committee is authorized to accept as consideration for

Shares issued under the Plan the following, provided that the portion of the consideration equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law:

- (i) cash;
- (ii) check;
- (iii) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Committee may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised;
- (iv) with respect to Options, payment through a broker-dealer sale and remittance procedure pursuant to which the Participant (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction;
- (v) with respect to Options, payment through a “net exercise” such that, without the payment of any funds, the Participant may exercise the Option and receive the net number of Shares equal to (A) the number of Shares as to which the Option is being exercised, multiplied by (B) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Committee) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares);
- (vi) promissory note (if not otherwise prohibited by Applicable Laws); or
- (vii) any combination of the foregoing methods of payment.

The Committee may at any time or from time to time, by adoption of or by amendment to the standard forms of Award Agreement described in Section 3(c) (iv), or by other means, grant Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration. Except as required by Applicable Laws, the Committee is not required to accept any of the above forms of consideration, as long as the Committee provides for a reasonable payment alternative.

(b) *Taxes.* No Shares shall be delivered under the Plan to any Participant or other person until such Participant or other person has made arrangements acceptable to the Committee for the satisfaction of any non-U.S., federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares. Upon exercise or vesting of an Award the Company shall withhold or collect from the Participant an amount sufficient to satisfy such tax obligations, including, but not limited to, by surrender of the whole number of Shares covered by the Award sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of an Award.

9. Death, Disability and Termination.

This Section 9 shall not apply to Senior Executive Long Term Incentive Restricted Stock Units.

(a) *Death.* The Committee shall have the authority to promulgate rules and regulations to determine the treatment of a Participant under the Plan in the event of such Participant’s death. Unless otherwise provided in an individual Award Agreement, in the event of a Participant’s death, any Award granted to such Participant under the Plan may be exercised in whole or in part at any time within the earlier to occur of (i) one (1) year after the date of the Participant’s death, or (ii) the date on which such Award expires by its terms; provided, however, that such Award may only be exercised to the extent such Participant’s right to exercise such Award had vested or accrued at the time of such Participant’s death. Any Awards (or portions thereof) that are not exercisable on the date of termination of a Participant’s status as an Employee, Director or Consultant, as applicable, for any reason shall lapse and automatically be canceled.

(b) *Disability.* The Committee shall have the authority to promulgate rules and regulations to determine the treatment of a Participant under the Plan in the event of such Participant’s Disability. Unless otherwise provided in an individual Award Agreement, in the event that a Participant’s status as an Employee, Director or Consultant terminates due to the Participant’s Disability, any Award granted to such Participant may be exercised in whole or in part at any time within the

earlier to occur of (i) one (1) year after the Participant's termination of status as an Employee, Director or Consultant, as applicable, due to Disability, or (ii) the date on which such Award expires by its terms; provided, however, that such Award may only be exercised to the extent such Participant's right to exercise such Award had vested or accrued at the time of the Participant's termination of status as an Employee, Director or Consultant, as applicable, due to Disability; provided, further, that if an Incentive Stock Option is not exercised within three (3) months following a termination of status as an Employee, Director or Consultant, as applicable, due to Disability, it shall be treated as a Non-Qualified Stock Option. Any Awards (or portions thereof) that are not exercisable on the date of termination of a Participant's status as an Employee, Director or Consultant, as applicable, for any reason shall lapse and automatically be canceled.

(c) *Termination Without Cause.* The Committee shall have the authority to promulgate rules and regulations to determine the treatment of a Participant under the Plan in the event of such Participant's Termination Without Cause. Except as otherwise provided in an individual Award Agreement, in the event of a Participant's Termination Without Cause, any Award granted to such Participant may be exercised in whole or in part at any time within the earlier to occur of (i) ninety (90) days after the Participant's Termination Without Cause, or (ii) the date on which such Award expires by its terms; provided, however, that such Award may only be exercised to the extent such Participant's right to exercise such Award had vested or accrued at the time of the Participant's Termination Without Cause. Any Awards (or portions thereof) that are not exercisable on the date of termination of a Participant's status as an Employee, Director or Consultant, as applicable, for any reason shall lapse and automatically be canceled.

(d) *Termination for Cause.* A Participant who is terminated for Cause shall, unless otherwise determined by the Committee, immediately forfeit, effective as of the date the Participant engages in such conduct giving rise to his or her termination for Cause, all unexercised, unearned and/or unpaid Awards, including without limitation, Awards earned but not yet paid, all unpaid dividends and dividend equivalents and all interest, if any, accrued on the foregoing.

10. *Exercise of Award.*

(a) *Procedure for Exercise; Rights as a Stockholder.*

(i) Subject to Section 9, any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Committee under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been made, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 8(a)(iv).

(iii) No Participant or beneficiary thereof shall have any rights as a stockholder of the Company with respect to any Shares underlying an Award until the date of exercise and deemed issuance of shares to such Participant.

(b) *Exercise of Award Following Termination of Continuous Service.*

(i) An Award may not be exercised after the termination date of such Award set forth in the Award Agreement and, subject to Section 9, may be exercised following the termination of a Participant's Continuous Service only to the extent provided in the Award Agreement.

(ii) Where the Award Agreement permits a Participant to exercise an Award following the termination of the Participant's Continuous Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever occurs first.

(iii) Any Award designated as an Incentive Stock Option, to the extent not exercised within the time permitted by Applicable Laws for the exercise of Incentive Stock Options following the termination of a Participant's Continuous Service, shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified herein or in the Award Agreement.

11. *Conditions Upon Issuance of Shares.*

(a) If at any time the Committee determines that the delivery of Shares pursuant to the exercise, vesting or any other provision of an Award is or may be unlawful under Applicable Laws, the vesting or right to exercise an Award or to otherwise receive Shares, cash or other consideration pursuant to the terms of an Award shall be suspended until the Committee

determines that such delivery is lawful and shall be further subject to the approval of counsel for the Company with respect to such compliance. The Company shall have no obligation to effect any registration or qualification of the Shares under federal or state laws.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares, or to make such other representations and warranties if, in the opinion of counsel for the Company, any such representations or warranties are required by any Applicable Laws.

12. *Adjustments Upon Changes in Capitalization.* Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, the maximum number of Shares with respect to which Awards may be granted to any Participant in any calendar year, as well as any other terms that the Committee determines require adjustment, shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) any other transaction with respect to Common Stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration.” Any such adjustments to outstanding Awards will be effected in a manner that precludes the material enlargement of rights and benefits under such Awards. Adjustments and any determinations or interpretations shall be made by the Committee and its determination shall be final, binding and conclusive. In connection with the foregoing adjustments, the Committee may, in its sole discretion, prohibit the exercise of Awards or other issuance of Shares, cash or other consideration pursuant to Awards during certain periods of time. Except as determined by the Committee, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award.

13. *Change of Control.*

(a) *Continuation of Awards to Extent Assumed or Replaced in Change of Control.* Except as otherwise provided in an individual Award Agreement or Section 6(e), effective upon a Change of Control, all outstanding Awards under the Plan that are expressly Assumed by the Acquiring Company shall remain outstanding and shall continue to vest and become exercisable in accordance with their terms, subject to appropriate adjustment to the type and number of Shares and exercise price to take into account the Change of Control.

(b) *Acceleration of Award upon Change of Control.* Except as otherwise provided in an individual Award Agreement or Section 6(e), in the event of a Change of Control, the portion of each Award that is neither Assumed nor Replaced by the Acquiring Company shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights for all of the Shares (or other consideration) represented by such Award or portion of the Award, immediately prior to the specified effective date of such Change of Control. Notwithstanding the foregoing and subject to Section 6(f)(iii), unless otherwise specified in an Award Agreement or other agreement between the Participant and the Company, no cash Awards under any Senior Executive Plan Bonus or otherwise will be paid in connection with a Change of Control.

(c) *Cashing Out of Awards.* In the case of a proposed Change of Control, the Committee may, but shall not be obligated to, prior to the occurrence of the Change of Control, declare and provide written notice to the holders of all outstanding Options and SARs of the declaration that the outstanding Options and SARs shall accelerate and become exercisable in full and that all such Options and SARs, whether or not exercisable prior to such acceleration, must be exercised within the period of time set forth in such notice or they will terminate. In connection with any declaration pursuant to this Section 13(c), the Committee shall provide for a cash payment (or if the Committee so elects in lieu of solely cash, such form(s) of consideration, including cash and/or property, singly or in such combination as the Committee shall determine, that the Participant would have received as a result of the Change of Control if the holder of the Option or SAR had exercised the Option or SAR immediately prior to the Change of Control) to each holder of an Option or SAR that is terminated in an amount equal to, for each Share covered by a canceled Option or SAR, (i) in the case of an Option, the amount, if any, by which the Proceeds Per Share (as defined below) exceeds the exercise price per share covered by such Option or (ii) for each SAR, the amount, if any, by which the Proceeds Per Share exceeds the base appreciation amount applicable to such SAR. In the event of a declaration pursuant to this Section 13(c), each Option and SAR, to the extent that it has not been exercised prior to the

Change of Control, shall be canceled at the time of, or immediately prior to, the Change of Control, as provided in the declaration. Notwithstanding the foregoing, the holder of each Option or SAR shall not be entitled to the payment provided for in this Section 13(c) if the Option or SAR shall have expired or been forfeited.

(d) *Cancellation of Options and SARs.* In connection with a Change of Control, the Committee may, but shall not be obligated to, declare that if (i) in the case of an Option, the Proceeds Per Share applicable to the vested portion of such Option is less than the exercise price per Share applicable to the vested portion of such Option, or (ii) in the case of a SAR, the Proceeds Per Share applicable to the exercisable portion of such SAR is less than the base appreciation amount applicable to the exercisable portion of such SAR, no consideration shall be payable to the Participant with respect to such portion of the Option or SAR, as applicable, and such Option or SAR, as applicable, shall be canceled at the time of, or immediately prior to, the Change of Control.

(e) *Effect of Acceleration on Incentive Stock Options.* Any Incentive Stock Option accelerated pursuant to this Section 13 shall remain exercisable as an Incentive Stock Option under the Code only to the extent the \$100,000 limitation of Section 422(d) of the Code is not exceeded.

14. *Effective Date and Term of Plan.* The Plan shall become effective upon its approval by the Company's stockholders. It shall continue in effect until the earlier of (i) all Shares subject to the Plan have been distributed, (ii) all Awards have expired or terminated,

(iii) termination pursuant to Section 18, and (iv) ten (10) years from the date the Plan was last approved by the Company's stockholders pursuant to Applicable Laws.

15. *Recoupment of Awards.* Unless otherwise specifically provided in an Award Agreement, and to the extent permitted by Applicable Laws, the Committee may, in its sole discretion and authority, without obtaining the approval or consent of the Company's stockholders or of any Participant with respect to his or her outstanding Awards, require that any Participant reimburse the Company for all or any portion of any Awards granted under this Plan ("*Reimbursement*"), or the Committee may require the termination of any outstanding, unexpired, unpaid or deferred Awards ("*Termination*"), rescission of any delivery pursuant to the Award ("*Rescission*") or Rescission or recapture of any Shares (whether restricted or unrestricted) or proceeds from the Participant's sale of Shares issued pursuant to the Award ("*Recapture*"), if and to the extent:

(a) the granting, vesting or payment of such Award was predicated on the achievement of certain financial results that were subsequently the subject of a material financial restatement;

(b) in the Committee's view, the Participant engaged in fraud or misconduct that caused or partially caused the need for a material financial restatement by the Company or any Affiliate; and

(c) a lower granting, vesting or payment of such Award otherwise would have occurred.

In addition, the Committee may require the Termination or Rescission of, or the Recapture related to, any Award, if and to the extent required by Applicable Laws. In each instance, the Committee will, to the extent practicable and allowable under Applicable Laws, require Reimbursement, Termination or Rescission of, or Recapture relating to, any such Award granted to a Participant, provided that the Company will not seek Reimbursement, Termination or Rescission of, or Recapture relating to, any such Awards that were paid or vested more than three (3) years prior to the first date of the applicable restatement period, unless required to do so by Applicable Laws.

16. *Section 409A and Tax Consequences.* To the extent the Committee determines that any Award granted under the Plan is subject to Section 409A, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. To the extent applicable, the Plan and applicable Award Agreement shall be interpreted in accordance with Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation, any such regulations or other guidance that may be issued after the adoption of this Plan. Notwithstanding any provision of the Plan to the contrary, the Committee may adopt such amendments to the Plan and applicable Award Agreement, adopt other policies and procedures (including amendments, policies and procedures with retroactive effect) or take any other actions that the Committee determines are necessary or appropriate to (i) exempt such Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Section 409A and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under Section 409A, including by retroactively cancelling such Award Agreement. The Company makes no guarantees with respect to the tax treatment relating to any Award hereunder. Neither the Company, any

Related Entity, nor any of their respective directors, officers, or employees shall be liable to any Participant with respect to any negative tax consequences that arise with respect to any Award.

17. *Compliance With Section 16(b) of the Exchange Act and Section 162(m) of the Code.* In the case of Participants who are or may be subject to Section 16 of the Exchange Act, it is the intent of the Company that the Plan and any Award granted hereunder satisfy and be interpreted in a manner that satisfies the applicable requirements of Rule 16b-3 under the Exchange Act, so that such Participants will be entitled to the benefits of Rule 16b-3 under the Exchange Act or other rules of exemption under Section 16 of the Exchange Act and will not be subjected to liability thereunder. If any provision of the Plan or any Award would otherwise conflict with the intent expressed herein, that provision, to the extent possible, shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with the intent expressed herein, such provision shall be deemed void as applicable to Participants who are or may be subject to Section 16 of the Exchange Act. If any Award hereunder is intended to qualify as Performance-Based Compensation, the Committee shall not exercise any discretion to increase the payment under such Award except to the extent permitted by Section 162(m) of the Code and the regulations thereunder.

18. *Amendment, Suspension or Termination of the Plan.*

(a) The Board may at any time amend, suspend or terminate the Plan; provided, however, that no such amendment shall be made without the approval of the Company's stockholders to the extent such approval is required by Applicable Laws, or if such amendment would lessen the stockholder approval requirements of Section 3(c)(vi) or this Section 18(a).

(b) If the Plan is terminated, the terms of the Plan shall, notwithstanding such termination, continue to apply to Awards granted prior to such termination. No amendment, suspension or termination of the Plan may, without the consent of the Participant to whom an Award shall theretofore have been granted, materially adversely affect the rights of such Participant under such Award, except to the extent any such action is undertaken to cause the Plan to comply with Applicable Laws.

(c) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(d) No suspension or termination of the Plan shall adversely affect any rights under Awards already granted to a Participant.

19. *Reservation of Shares.*

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

20. *No Effect on Terms of Employment/Consulting Relationship.* The Plan shall not confer upon any Participant any right with respect to the Participant's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or any Related Entity to terminate the Participant's Continuous Service at any time, with or without Cause and with or without notice.

21. *No Effect on Retirement and Other Benefit Plans.* Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation.

22. *Stockholder Approval.* The grant of Awards under the Plan shall be subject to approval by the Company's stockholders within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws. To the extent permitted by Applicable Laws, the Committee may grant Awards under the Plan prior to approval by the stockholders, but until such approval is obtained, no such Award shall be exercisable and no amounts shall be payable with respect thereto and each such award shall automatically

terminate without compensation therefore, to the extent stockholder approval is not timely obtained. For the avoidance of doubt, to the extent approval by the Company's stockholders is not obtained within twelve (12) months after the date the Plan, as amended and restated, is adopted by the Board, the Plan shall continue in effect as if the Plan had not been amended and restated.

23. *Unfunded Obligation.* Participants shall have the status of general unsecured creditors of the Company. Any amounts payable to Participants pursuant to the Plan shall be unfunded and unsecured obligations for all purposes. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Committee, the Company or any Related Entity and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of the Company or a Related Entity. The Participants shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

24. *Construction.* Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

25. *Choice of Law.* To the extent that U.S. federal law does not apply, and except as expressly set forth in an applicable Award Agreement, this Plan, the Awards, all documents evidencing Awards and all other related documents shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to principles of conflicts of laws.

26. *Severability.* In the event that any one or more of the provisions of this Plan shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby. If, in the opinion of any court of competent jurisdiction, such provision or provisions are not enforceable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions to make them enforceable and to enforce the remainder of these provisions as so amended.

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AMENDED AND RESTATED MITEK SYSTEMS, INC.

2012 INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to the Amended and Restated Mitek Systems, Inc. 2012 Incentive Plan (the “Plan”), Mitek Systems, Inc. (the “Company”) hereby grants to you, «Name» (the “Participant”) an option to purchase that number of shares of Common Stock set forth below (the “Option”), subject to the terms and conditions below. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Plan, a copy of which is attached hereto as Attachment 1.

1. GOVERNING PLAN DOCUMENT. Your Option is subject to all of the provisions of the Plan, which provisions are hereby made a part of this Stock Option Agreement. In the event of any conflict between the provisions of this Stock Option Agreement and the provisions of the Plan, the provisions of the Plan shall control in all respects, provided that to the extent a term is separately defined in this Stock Option Agreement, such definition will supersede the definition contained in Section 2 of the Plan.

2. DETAILS OF OPTION. The details of your Option are as follows:

Date of Grant: _____
Vesting Commencement Date: _____
Number of Shares Subject to Option: _____
Exercise Price (Per Share): _____
Expiration Date: _____

The 10th anniversary of the Date of Grant indicated above or as otherwise set forth in the Plan.

Type of Grant: Incentive Stock Option*
 Non-Qualified Stock Option

Exercise Schedule: Same as Vesting Schedule Early Exercise Permitted

Vesting Schedule:

3. EXERCISE. You may exercise your Option only for whole shares of Common Stock and only as set forth in the Plan. In order to exercise your Option, you must submit to the Company payment via any means permitted by the Plan for that number of shares of Common Stock you are electing to purchase pursuant to your Option. In the event that your Option is an Incentive Stock Option, by exercising your Option you expressly agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of your Option that occurs within two (2) years after the date of your Option grant or within one (1) year after such shares of Common Stock are issued upon exercise of your Option. Notwithstanding the foregoing, you expressly acknowledge and agree that no Shares will be delivered to you or any other person on your behalf until you or such other person has made arrangements acceptable to the Committee for the satisfaction of any non-U.S., federal, state or local income and employment tax withholding obligations, including without limitation, obligations incident to the receipt of Shares upon exercise of this Option. Accordingly, but without limiting the generality of the foregoing, you and the Company expressly acknowledge and agree that, as a condition to the exercise of your Option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company or any of its Subsidiaries or Affiliates arising by reason of the exercise of your Option, the lapse of any substantial risk of forfeiture to which the Shares underlying your Option are subject at the time of exercise or the disposition of Shares acquired upon the exercise of your Option.

* If this is an Incentive Stock Option, it (plus any other outstanding Incentive Stock Options held by the Participant) cannot be first exercisable for more than \$100,000 in value (measured by exercise price) in any calendar year. Any excess over \$100,000 shall be deemed a Non-Qualified Stock Option. Please refer to the Plan for additional details.

4. "EARLY EXERCISE". If it is indicated in Section 2 that "early exercise" of your Option is permitted, then you may elect, at any time that is both during the period of your full- or part-time employment or service with the Company or any of its Related Entities that employ you, as the case may be, and during the term of your Option, to exercise all or part of your Option, including the unvested portion of your Option; provided, however, that (i) a partial exercise of your Option shall be deemed to first cover vested Shares and then cover the earliest vesting installment of unvested Shares, (ii) any Shares so purchased from installments that have not vested as of the date of exercise shall be subject to the repurchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement, a copy of which will be provided to you at the time you elect to "early exercise" your Option, and (iii) you shall enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred.

5. TERM. You may not exercise your Option before the commencement of its term or after its term expires. The term of your Option commences on the Date of Grant indicated in Section 2 and expires upon the Expiration Date set forth in Section 2.

6. NOT A CONTRACT OF EMPLOYMENT. By executing this Award, you acknowledge and agree that (i) nothing in this Award or the Plan confers on you any right to be employed by, or continue any employment, service or consulting relationship with, the Company or any of its Subsidiaries or Affiliates, and (ii) the Company would not have granted this Award to you but for this acknowledgement and agreement. Under no circumstances will the Plan or this Stock Option Agreement be considered to be part of the terms and conditions of your employment with the Company or any of its Related Entities that employ you.

7. NOTICES. Any notices to be delivered pursuant to this Stock Option Agreement shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

8. SEVERABILITY. If one or more provisions of this Stock Option Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Stock Option Agreement and the balance of the Stock Option Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

9. BINDING AND ENTIRE AGREEMENT. The terms and conditions of this Stock Option Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. This Stock Option Agreement, together with the Plan and any attachments hereto or thereto, constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

10. COUNTERPARTS. This Stock Option Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

COMPANY:

PARTICIPANT:

MITEK SYSTEMS, INC.

By:

By:

Name:

Name:

Title:

GRANT SUMMARY:

On «Grant_Date», «Name» hereby receives [] a Non-Qualified Stock Option / [] an Incentive Stock Option to purchase up to «Shares_Granted» shares of Common Stock of the Company at an exercise price of \$ «Grant_Price» per share.

AMENDED AND RESTATED MITEK SYSTEMS, INC.

2012 INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Amended and Restated Mitek Systems, Inc. 2012 Incentive Plan (the “Plan”), Mitek Systems, Inc. (the “Company”) hereby grants to you, «Name» (the “Participant”) that number of restricted units of the Company’s Common Stock set forth below (the “Restricted Stock Unit Award”), subject to the terms and conditions below. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Plan, a copy of which is attached hereto as Attachment 1.

1. GOVERNING PLAN DOCUMENT. Your Restricted Stock Unit Award is subject to all of the provisions of the Plan, which provisions are hereby made a part of this Restricted Stock Unit Award Agreement. In the event of any conflict between the provisions of this Restricted Stock Unit Award Agreement and the provisions of the Plan, the provisions of the Plan shall control in all respects, provided that to the extent a term is separately defined in this Restricted Stock Unit Award Agreement, such definition will supersede the definition contained in Section 2 of the Plan.

2. DETAILS OF RESTRICTED STOCK UNIT AWARD. The details of your Restricted Stock Unit Award are as follows:

Number of Shares of Common Stock

Subject to Award:

Award Date:

Vesting Schedule:

3. SATISFACTION OF VESTING RESTRICTIONS; ACCOUNT. No Shares will be issued to you pursuant to your Restricted Stock Unit Award until such Shares vest in accordance with the Vesting Schedule indicated in Section 2. As soon as practicable after the date on which any Shares subject to your Restricted Stock Unit Award vest, the Company will issue to you, free from further vesting restrictions, uncertificated shares in book entry form or share certificates representing such vested whole Shares. Prior to the time any Shares subject to your Restricted Stock Unit Award vest, whenever dividends, whether payable in cash, stock or other property, are declared on such Shares, on the date any such dividend is paid, the Company will credit to a bookkeeping account (the “Account”) maintained by the Company for your benefit appropriate Dividend Equivalents in respect of the number of unvested Shares subject to your Restricted Stock Unit Award on the record date for such dividend. Any such Dividend Equivalent will be released from the Account and paid or issued to you as your Restricted Stock Unit Award vests. In the event that any such Dividend Equivalent consists of Shares, the Company shall issue such Shares to you free from any vesting restrictions, in uncertificated book entry form or in share certificates representing whole Shares.

4. TERMINATION OF EMPLOYMENT OR SERVICE WITH THE COMPANY OR ANY OF ITS RELATED ENTITIES. If, at any time prior to the vesting in full of the Shares subject to your Restricted Stock Unit Award, your full- or part-time employment or service with the Company or any of its Related Entities terminates for any reason, the unvested portion of your Restricted Stock Unit Award shall be canceled and become automatically null and void.

5. REPRESENTATIONS. In connection with the acquisition of Shares pursuant to this Restricted Stock Unit Award Agreement, you represent and warrant to the Company that you have no present intention of distributing or selling the Shares, except as permitted under applicable securities laws. You further acknowledge and agree that your ability to sell the Shares may be limited by the Securities Act of 1933, as amended (including without limitation, Rule 144 promulgated thereunder), and by the terms and conditions of this Restricted Stock Unit Award Agreement and the Plan.

6. NOT A CONTRACT OF EMPLOYMENT. By executing this Award, you acknowledge and agree that (i) nothing in this Award or the Plan confers on you any right to be employed by, or continue any employment, service or consulting relationship with, the Company or any of its Related Entities, and (ii) the Company would not have granted this Award to you but for this acknowledgement and agreement. Under no circumstances will the Plan or this Restricted Stock Unit Award Agreement be considered to be part of the terms and conditions of your employment with the Company or any of its Related Entities that employ you.

7. NOTICES. Any notices to be delivered pursuant to this Restricted Stock Unit Award Agreement shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

8. SEVERABILITY. If one or more provisions of this Restricted Stock Unit Award Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Restricted Stock Unit Award Agreement and the balance of the Restricted Stock Unit Award Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

9. BINDING AND ENTIRE AGREEMENT. The terms and conditions of this Restricted Stock Unit Award Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. This Restricted Stock Unit Award Agreement, together with the Plan and any attachments hereto or thereto, constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

10. COUNTERPARTS. This Restricted Stock Unit Award Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

COMPANY:

PARTICIPANT:

MITEK SYSTEMS, INC.

By:

By:

Name:

Name:

Title:

GRANT SUMMARY:

On «Award Date, Name» hereby receives a Restricted Stock Unit Award for «# Shares» shares of Common Stock of the Company.

**AMENDED AND RESTATED MITEK SYSTEMS, INC.
2012 INCENTIVE PLAN
SENIOR EXECUTIVE LONG TERM INCENTIVE
RESTRICTED STOCK UNIT AWARD AGREEMENT**

Pursuant to the Amended and Restated Mitek Systems, Inc. 2012 Incentive Plan (the “Plan”), Mitek Systems, Inc. (the “Company”) hereby grants to you, «name» (the “Grantee”) «number» of Senior Executive Long Term Incentive Restricted Stock Units, subject to the terms and conditions below and the terms and conditions of the Plan (the “Grant”). Your target and maximum number of Senior Executive Long Term Incentive Restricted Stock Units is «number». The target and maximum value of your Grant is \$«number».

1. **Defined Terms.** Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Plan, a copy of which is attached hereto as Attachment 1.
2. **Senior Executive Long Term Incentive Restricted Stock Units.** The Senior Executive Long Term Incentive Restricted Stock Units have been credited to a bookkeeping account on behalf of Grantee. The Senior Executive Long Term Incentive Restricted Stock Units will be calculated and vest as provided in the Plan. Any Senior Executive Long Term Incentive Restricted Stock Units that fail to vest in accordance with the terms of the Plan will be forfeited without consideration or any act or action by Grantee.
3. **Representations.** In connection with the acquisition of Shares pursuant to this Award Agreement, if any, Grantee represents and warrants to the Company that Grantee has no present intention of distributing or selling the Shares, except as permitted under applicable securities laws. Grantee further acknowledges and agrees that Grantee’s ability to sell the Shares may be limited by the Securities Act of 1933, as amended (including without limitation, Rule 144 promulgated thereunder), and by the terms and conditions of this Award Agreement and the Plan.
4. **Not a Contract of Employment.** By executing this Award Agreement, Grantee acknowledges and agrees that (i) nothing in this Award Agreement or the Plan confers on Grantee any right to be employed by, or continue any employment, service or consulting relationship with, the Company or any of its Related Entities, and (ii) the Company would not have granted the Senior Executive Long Term Incentive Restricted Stock Units to Grantee but for this acknowledgement and agreement. Under no circumstances will the Plan or this Award Agreement be considered to be part of the terms and conditions of Grantee’s employment with the Company or any of its Related Entities that employ Grantee.
5. **Governing Law.** This Award Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, regardless of the law that might be applied under principles of conflict of laws. Grantee hereby agrees and submits to jurisdiction in the state and federal courts of the State of Delaware and waives objection to such jurisdiction.
6. **Severability.** If one or more provisions of this Award Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Award Agreement and the balance of the Award Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.
7. **Notice.** Any notices to be delivered pursuant to this Award Agreement shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to Grantee, five (5) days after deposit in the United States mail, postage prepaid, addressed to Grantee at the last address Grantee provided to the Company.
8. **Binding and Entire Agreement.** The terms and conditions of this Award Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. This Award Agreement, together with the Plan and any attachments hereto or thereto, constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.
9. **Counterparts.** This Award Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

10. Waiver. By signing this Award Agreement, Grantee hereby waives the application of any other agreement to which the Grantee is or may become a party that would impact vesting of the Senior Executive Long Term Incentive Restricted Stock Units, including but not limited to any severance agreement, change of control agreement, or employment agreement. Grantee acknowledges and agrees that the Senior Executive Long Term Incentive Restricted Stock Units shall solely vest and be paid in accordance with the terms of the Plan, including with respect to any termination of Grantee's employment or upon a Change of Control. In addition, Grantee hereby waives the application of any other agreement to which the Grantee is or may become a party that would require the Company to pay, with respect to payments arising under this Agreement or the Plan, (i) any excise tax by reason of the operation of Section 4999 of the Internal Revenue Code (the "Excise Tax"), or any interest, penalties or additional tax incurred by Grantee with respect to such Excise Tax, and (ii) any federal and state income taxes arising from the payments made by the Company to Grantee of the Excise Tax. For the avoidance of doubt, Grantee hereby waives the application of Section [] ("Golden Parachute Tax Provisions") of his Executive Severance and Change of Control Plan dated as of [] (as amended, modified or supplemented from time to time following the date hereof) with respect to payments made to Grantee under this Award Agreement or the Plan. Grantee's acknowledgement and agreement of this Section 10: [to be initialed by Grantee].

COMPANY:

GRANTEE:

MITEK SYSTEMS, INC.

By:
Name:
Title:

By:
Name:

MITEK SYSTEMS, INC.
DIRECTOR RESTRICTED STOCK UNIT PLAN

1. INTRODUCTION.

The Company's Board of Directors originally adopted the Mitek Systems, Inc. Non-Employee Director Restricted Stock Unit Plan to be effective on the Adoption Date conditioned on and subject to obtaining Company stockholder approval as provided in Section 10 below. The Board amended and restated and renamed the Plan to be the Mitek Systems, Inc. Director Restricted Stock Unit Plan on January 12, 2011, conditioned on and subject to obtaining Company stockholder approval as provided in Section 10 below, in order to allow Directors to be eligible to participate in the Plan. Awards granted under the Plan prior to the Stockholder Approval Date may not be settled or Shares released to any Participant until such stockholder approval is obtained.

The purpose of the Plan is to (i) attract and retain the services of persons eligible to participate in the Plan; (ii) motivate Directors and Non-Employee Directors, by means of appropriate equity incentives, to achieve long-term performance goals; (iii) provide equity and incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further align Participants' interests with those of the Company's other stockholders through compensation that is based on the Company's common stock and thereby promote the long-term financial interest of the Company and its affiliates, including the growth in value of the Company's equity and enhancement of long-term stockholder return.

The Plan seeks to achieve this purpose by providing for Awards in the form of Restricted Stock Units.

This Plan and all Awards shall be construed in accordance with and governed by the laws of the State of Delaware, but without regard to its conflict of law provisions. Capitalized terms shall have the meaning provided in Section 2 unless otherwise provided in this Plan or any applicable Award agreement.

2. DEFINITIONS.

(a) "Adoption Date" means December 6, 2010.

(b) "Affiliate" means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity. For purposes of determining an individual's "Service," this definition shall include any entity other than a Subsidiary, if the Company, a Parent and/or one or more Subsidiaries own not less than 50% of such entity.

(c) "Award" means any award of Restricted Stock Units under the Plan.

(d) "Board" means the Board of Directors of the Company, as constituted from time to time.

(e) "Cause" means, except as may otherwise be provided in a Participant's Award agreement (and in such case the Award agreement shall govern as to the definition of Cause), the occurrence of any one or more of the following: (i) dishonesty, incompetence or gross negligence in the discharge of the Participant's duties; (ii) theft, embezzlement, fraud, breach of confidentiality, or unauthorized disclosure or use of inside information, recipes, processes, customer and employee lists, trade secrets, or other Company proprietary information; (iii) willful material violation of any law, rule, or regulation of any governing authority or of the Company's policies and procedures, including without limitation the Company's Code of Ethics and Code of Conduct; (iv) material breach of any agreement with the Company; (v) intentional conduct which is injurious to the reputation, business or assets of the Company; (vi) solicitation of Employees to work for any other business entity; and/or (vii) any other act or omission by a Participant that, in the opinion of the Board, could reasonably be expected to materially adversely affect the Company's or a Subsidiary's or an Affiliate's business, financial condition, prospects and/or reputation.

(f) "Change in Control" means, except as may otherwise be provided in a Participant's Award agreement (and in such case the Award agreement shall govern as to the definition of Change in Control), the consummation of any one or more of the following:

(i) a change in the ownership of the Company within the meaning of Code section 409A;

(ii) a change in the effective control of the Company within the meaning of Code section 409A; or

(iii) change in the ownership of a substantial portion of the assets of the Company within the meaning of Code section 409A; or

(iv) the consummation of a complete liquidation or dissolution of the Company.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions.

(g) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

(h) "Common Stock" means the Company's common stock, \$0.001 par value per share, and any other securities into which such shares are changed, for which such shares are exchanged or which may be issued in respect thereof.

(i) "Company" means Mitek Systems, Inc., a Delaware corporation.

(j) "Consultant" means an individual who performs bona fide services to the Company, a Parent, a Subsidiary or an Affiliate, other than as an Employee or Director or Non-Employee Director.

(k) "Director" means a member of the Board who is also an Employee.

(l) "Disability" means, except as may otherwise be provided in a Participant's Award agreement (and in such case the Award agreement shall govern as to the definition of Disability), that the Participant is classified as disabled under a long-term disability policy of the Company or, if no such policy applies, the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. For all purposes with respect to the Plan, the Disability of a Participant shall be determined solely by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(m) "Employee" means any individual who is a common-law employee of the Company (including any individual who is also a Director), or of a Parent, or of a Subsidiary or of an Affiliate.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(o) "Fair Market Value" means the market price of a Share and shall be equal to the closing price (or closing bid, if no sales were reported) for a Share on such day as quoted by the exchange or over-the-counter market on which the Common Stock is listed (or the exchange or market with the greatest trading volume, if quoted or listed on more than one exchange or market). If there is no closing sale or closing bid price, the closing sales or bid price shall be the price on the last preceding day for which such quotation exists. If the Common Stock is not listed or quoted on an exchange or over-the-counter market, the Board shall determine the fair market value in good faith.

Whenever possible, the determination of Fair Market Value shall be based on the prices reported by the applicable exchange or the OTC Bulletin Board, as applicable, or a nationally recognized publisher of stock prices or quotations (including an electronic on-line publication). Such determination shall be conclusive and binding on all persons.

(p) "Fiscal Year" means the Company's fiscal year.

(q) "Non-Employee Director" means a member of the Board who is not an Employee.

(r) "Officer" means an individual who is an officer of the Company within the meaning of Rule 16a-1(f) of the Exchange Act.

(s) "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the Adoption Date shall be considered a Parent commencing as of such date.

(t) "Participant" means an individual or estate or other entity that holds an Award.

(u) “Plan” means this Mitek Systems, Inc. Director Restricted Stock Unit Plan as it may be amended from time to time.

(v) “Restricted Stock Unit” means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan and as provided in Section 6.

(w) “Restricted Stock Unit Agreement” means the agreement described in Section 6 evidencing each Award of Restricted Stock Units.

(x) “SEC” means the Securities and Exchange Commission.

(y) “Securities Act” means the Securities Act of 1933, as amended.

(z) “Separation From Service” has the meaning provided to such term under Code Section 409A and the regulations promulgated thereunder.

(aa) “Service” means service as an Employee, Director, Non-Employee Director or Consultant. Service will be deemed terminated as soon as the entity to which Service is being provided is no longer either (i) the Company, (ii) a Parent, (iii) a Subsidiary or (iv) an Affiliate. The Board determines when Service commences and terminates for all purposes with respect to the Plan.

(bb) “Share” means one share of Common Stock.

(cc) “Stockholder Approval Date” means the date that the Company’s stockholders approve this Plan.

(dd) “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the Adoption Date shall be considered a Subsidiary commencing as of such date.

3. ADMINISTRATION.

(a) Authority of the Board. The Board shall administer the Plan. Subject to the provisions of the Plan, the Board shall have full authority and discretion to take any actions it deems necessary or advisable. Such actions shall include without limitation:

(i) determining Directors and Non-Employee Directors who are to receive Awards under the Plan;

(ii) determining the type, number, vesting requirements, performance objectives (if any) and their degree of satisfaction, and other features and conditions of such Awards and amending such Awards;

(iii) correcting any defect, supplying any omission, or reconciling or clarifying any inconsistency in the Plan or any Award agreement;

(iv) accelerating the vesting, or extending the post-termination exercise term, or waiving restrictions, of Awards at any time and under such terms and conditions as it deems appropriate;

(v) interpreting the Plan and any Award agreements;

(vi) making all other decisions relating to the operation of the Plan; and

(vii) granting Awards to Directors and Non-Employee Directors who are foreign nationals on such terms and conditions different from those specified in the Plan, which may be necessary or desirable to foster and promote achievement of the purposes of the Plan, and adopting such modifications, procedures, and/or subplans (with any such subplans attached as appendices to the Plan) and the like as may be necessary or desirable to comply with provisions of the laws or regulations of other countries or jurisdictions to ensure the viability of the benefits from Awards granted to Participants employed in such countries or jurisdictions, or to meet the requirements that permit the Plan to operate in a qualified or tax efficient manner, and/or comply with applicable foreign laws or regulations.

The Board may adopt such rules or guidelines, as it deems appropriate to implement the Plan. The Board's determinations under the Plan shall be final, conclusive and binding on all persons. The Board's decisions and determinations need not be uniform and may be made selectively among Participants in the Board's sole discretion. The Board's decisions and determinations will be afforded the maximum deference provided by applicable law.

(b) Indemnification. To the maximum extent permitted by applicable law, each member of the Board, and any persons (including without limitation Employees and Officers) who are delegated by the Board to perform administrative functions in connection with the Plan, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award agreement, and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

4. GENERAL.

(a) General Eligibility. Only Directors and Non-Employee Directors shall be eligible to be granted Awards under the Plan.

(b) Restrictions on Shares. Any Shares issued pursuant to an Award shall be subject to such Company policies, rights of repurchase, rights of first refusal and other transfer restrictions as the Board may determine. Such restrictions shall apply in addition to any restrictions that may apply to holders of Shares generally and shall also comply to the extent necessary with applicable law. In no event shall the Company be required to issue fractional Shares under this Plan.

(c) Beneficiaries. A Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. If no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Award(s) shall be transferred or distributed to the Participant's estate.

(d) Stockholder Rights. A Participant, or a transferee of a Participant, shall have no rights as a stockholder (including without limitation voting rights or dividend or distribution rights) with respect to any Common Stock covered by an Award until such person becomes entitled to receive such Common Stock, has satisfied any applicable withholding or tax obligations relating to the Award and the Common Stock has been issued to the Participant. No adjustment shall be made for cash or stock dividends or other rights for which the record date is prior to the date when such Common Stock is issued.

(e) Termination of Service. Unless the applicable Award agreement provides otherwise (and in such case, the Award agreement shall govern as to the consequences of a termination of Service for such Awards), if the Service of Participant is terminated for any reason, then all unvested portions of any outstanding Awards shall be forfeited without consideration as of the Participant's Separation From Service.

(f) Code Section 409A. Notwithstanding anything in the Plan to the contrary, the Plan and Awards granted hereunder are intended to comply with the requirements of Code Section 409A and shall be interpreted in a manner consistent with such intention. If upon a Participant's Separation From Service, he/she is then a "specified employee" (as defined in Code Section 409A), then solely to the extent necessary to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A, the Company shall defer payment of "nonqualified deferred compensation" subject to Code Section 409A payable as a result of and within six (6) months following such Separation From Service until the earlier of (i) the first business day of the seventh month following the Participant's Separation From Service, or (ii) ten (10) days after the Company receives written confirmation of the Participant's death. Any such delayed payments shall be made without interest.

(g) Electronic Communications. Subject to compliance with applicable law and/or regulations, an Award agreement or other documentation or notices relating to the Plan and/or Awards may be communicated to Participants by electronic media.

(h) Unfunded Plan. Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are granted Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets which may at any time be

represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Company or the Board be deemed to be a trustee of stock or cash to be awarded under the Plan.

(i) Liability of Company. The Company (or members of the Board) shall not be liable to a Participant or other persons as to: (i) the non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder; and (ii) any unexpected or adverse tax consequence or any tax consequence expected, but not realized, by any Participant or other person due to the grant, receipt, or settlement of any Award granted hereunder.

(j) Reformation. In the event any provision of this Plan shall be held illegal or invalid for any reason, such provisions will be reformed by the Board if possible and to the extent needed in order to be held legal and valid. If it is not possible to reform the illegal or invalid provisions then the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(k) Tax Withholding. A Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with his or her Award. The Company shall not be required to issue any Shares or make any cash payment under the Plan until any such obligations are satisfied.

(l) Successor Provision. Any reference to a statute, rule or regulation, or to a section of a statute, rule or regulation, is a reference to that statute, rule, regulation, or section as amended from time to time, both before and after the Adoption Date and including any successor provisions.

5. SHARES SUBJECT TO PLAN AND SHARE LIMITS.

(a) Basic Limitation. The Common Stock issuable under the Plan shall be authorized but unissued Shares or treasury Shares. Subject to adjustment as provided in Section 7, the maximum aggregate number of Shares that may be issued under the Plan shall not exceed 1,500,000 Shares (the "Share Limit").

(b) Share Utilization. If Awards are forfeited or are terminated for any reason other than being settled for consideration, then the Shares underlying such forfeited Awards shall not be counted against the Share Limit. Only the number of Shares actually issued in settlement of Restricted Stock Units shall be counted against the Share Limit. Any Shares that are delivered and any Awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by another entity (as provided in Sections 6(h)) shall not be counted against the Share Limit.

(c) Dividend Equivalents. Any dividend equivalents distributed under the Plan shall not be counted against the Share Limit.

6. TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS.

(a) Restricted Stock Unit Agreement. Each grant of Restricted Stock Units under the Plan shall be evidenced by a Restricted Stock Unit Agreement between the Participant and the Company. Such Restricted Stock Units shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan (including without limitation any performance objectives). The provisions of the various Restricted Stock Unit Agreements entered into under the Plan need not be identical. Restricted Stock Units may be granted in consideration of a reduction in the Participant's other compensation.

(b) Number of Shares. Each Restricted Stock Unit Agreement shall specify the number of Shares to which the Restricted Stock Unit grant pertains and is subject to adjustment of such number in accordance with Section 7.

(c) Payment for Awards. Generally, no cash consideration shall be required of the Award recipients in connection with the grant of an Award.

(d) Vesting Conditions. Each Award of Restricted Stock Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Stock Unit Agreement. A Restricted Stock Unit Agreement may provide for accelerated vesting only in the event of a Change in Control.

(e) Voting and Dividend Rights. The holders of Restricted Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Restricted Stock Unit awarded under the Plan may, at the Board's discretion, carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash or Common Stock dividends paid on one Share while the Restricted Stock Unit is outstanding. Dividend equivalents may be converted into additional Restricted Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Prior to vesting of the Restricted Stock Units, any dividend equivalents accrued on such unvested Restricted Stock Units shall be subject to the same vesting conditions and restrictions as the Restricted Stock Units to which they attach.

(f) Form and Time of Settlement of Restricted Stock Units. Settlement of vested Restricted Stock Units may be made in the form of Shares only. The actual number of Restricted Stock Units eligible for settlement may be larger or smaller than the number included in the original Award. Except as otherwise provided in a Restricted Stock Unit Agreement or a timely completed deferral election, vested Restricted Stock Units shall be settled within thirty days after vesting. The distribution may occur or commence when all vesting conditions applicable to the Restricted Stock Units have been satisfied or have lapsed, or it may be deferred, in accordance with applicable law, to a later specified date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Restricted Stock Units is settled, the number of such Restricted Stock Units shall be subject to adjustment pursuant to Section 7.

(g) Creditors' Rights. A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Restricted Stock Unit Agreement.

(h) Modification or Assumption of Restricted Stock Units. Within the limitations of the Plan, the Board may modify or assume outstanding Restricted Stock Units or may accept the cancellation of outstanding Restricted Stock Units (including stock units granted by another issuer) in return for the grant of new Restricted Stock Units for the same or a different number of Shares. No modification of a Restricted Stock Unit shall, without the consent of the Participant, impair his or her rights or increase his or her obligations under such Restricted Stock Unit.

(i) Assignment or Transfer of Restricted Stock Units. Except as provided in Section 4(c), or in a Restricted Stock Unit Agreement, or as required by applicable law, Restricted Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 6(i) shall be void. However, this Section 6(i) shall not preclude a Participant from designating a beneficiary pursuant to Section 4(c) nor shall it preclude a transfer of Restricted Stock Units pursuant to Section 4(c).

7. ADJUSTMENTS.

(a) Adjustments. In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Shares (by reclassification or otherwise) into a lesser number of Shares, a stock split, a reverse stock split, a reclassification or other distribution of the Shares without the receipt of consideration by the Company, of or on the Common Stock, a recapitalization, a combination, a spin-off or a similar occurrence, the Board shall make equitable and proportionate adjustments to:

- (i) the Share Limit specified in Section 5(a);
- (ii) the number and kind of securities available for Awards under Section 5;
- (iii) the number and kind of securities covered by each outstanding Award; and
- (iv) the number and kind of outstanding securities issued under the Plan.

(b) Participant Rights. Except as provided in this Section 7, a Participant shall have no rights by reason of any issue by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class. If by reason of an adjustment pursuant to this Section 7, a Participant's Award covers additional or different shares of stock or securities, then such additional or different shares and the Award in respect thereof shall be subject to all of the terms, conditions and restrictions which were applicable to the Award and the Shares subject to the Award prior to such adjustment.

(c) Fractional Shares. Any adjustment of Shares pursuant to this Section 7 shall be rounded down to the nearest whole number of Shares. Under no circumstances shall the Company be required to authorize or issue fractional shares. To the extent permitted by applicable law, no consideration shall be provided as a result of any fractional shares not being issued or authorized.

8. EFFECT OF A CHANGE IN CONTROL.

(a) Merger or Reorganization. In the event that there is a Change in Control and/or the Company is a party to a merger or acquisition or reorganization or similar transaction, outstanding Awards shall be subject to the merger agreement or other applicable transaction agreement. Such agreement may provide, without limitation, that subject to the consummation of the applicable transaction, for the assumption (or substitution) of outstanding Awards by the surviving corporation or its parent, for their continuation by the Company (if the Company is a surviving corporation), for accelerated vesting or for their cancellation with or without consideration, in all cases without the consent of the Participant.

(b) Acceleration. Except as otherwise provided in an applicable Restricted Stock Unit Agreement (and in such case the applicable Restricted Stock Unit Agreement shall govern), in the event that a Change in Control occurs, then all then-outstanding Awards shall fully vest as of immediately before such Change in Control.

9. LIMITATIONS ON RIGHTS.

(a) Retention Rights. Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain in Service as an Employee, Consultant, Director or Non-Employee Director or to receive any other Awards under the Plan. The Company and its Parents and Subsidiaries and Affiliates reserve the right to terminate the Service of any person at any time, and for any reason, subject to applicable laws, the Company's Certificate of Incorporation and Bylaws.

(b) Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue Shares or other securities under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of Shares or other securities pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such Shares or other securities, to their registration, qualification or listing or to an exemption from registration, qualification or listing.

(c) Clawback Policy. The Board may (i) cause the cancellation of any Award, (ii) require reimbursement of any Award by a Participant and (iii) effect any other right of recoupment of equity or other compensation provided under this Plan or otherwise in accordance with Company policies and/or applicable law (each, a "Clawback Policy"). In addition, the Board may require that a Participant repay to the Company certain previously paid compensation, whether provided under this Plan or an Award Agreement or otherwise, in accordance with the Clawback Policy.

10. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan shall terminate on December 31, 2022 unless earlier terminated pursuant to this Section 10. This Plan will not in any way affect outstanding awards that were issued under any other Company equity compensation plans. For the avoidance of doubt, to the extent approval of the Company's stockholders has not been obtained within 12 months after the date the Plan, as amended, is adopted by the Board, the Plan shall continue in effect as if the Plan had not been amended.

(b) Right to Amend or Terminate the Plan. The Board may amend or terminate the Plan at any time and for any reason subject to obtaining stockholder approval only to the extent required by applicable law or by the rules of an applicable stock exchange. No Awards shall be granted under the Plan after the Plan's termination. In addition, no such amendment or termination shall be made which would impair the rights of any Participant, without such Participant's written consent, under any then-outstanding Award. In the event of any conflict in terms between the Plan and any Award agreement, the terms of the Plan shall prevail and govern.

11. EXECUTION.

To record the adoption of the Plan by the Board, the Company has caused its duly authorized Officer to execute this Plan on behalf of the Company.

MITEK SYSTEMS, INC., a Delaware corporation

By: /s/ James B. DeBello

James B. DeBello

President, Chief Executive Officer and
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James B. DeBello, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mitek Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ James B. DeBello

James B. DeBello, Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Russell C. Clark, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mitek Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ Russell C. Clark

Russell C. Clark, Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATIONS
PURSUANT TO SECTION 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned, in his capacity as the principal executive officer and principal financial officer of Mitek Systems, Inc. (the "Company"), as the case may be, hereby certifies, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), that, to the best of his knowledge:

1. This Quarterly Report on Form 10-Q for the period ended March 31, 2017 (this "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by this Quarterly Report.

Date: May 4, 2017

/s/ James B. DeBello

James B. DeBello
Chief Executive Officer
(Principal Executive Officer)

Date: May 4, 2017

/s/ Russell C. Clark

Russell C. Clark
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission ("SEC") or its staff upon request.

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of this Quarterly Report), irrespective of any general incorporation language contained in such filing.